

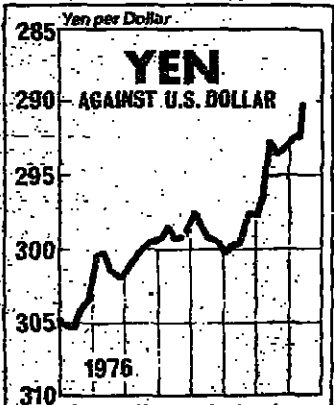
**SLASH ASSEMBLY COSTS** with VAUGHAN  
Automatic Assembly Machines  
**VAUGHAN ASSOCIATES LIMITED** LONDON NOTTINGHAM SHREWSBURY

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

## NEWS SUMMARY

**Yen rises strongly against dollar**

JAPANESE yen rose strongly against the dollar, its weighted appreciation improved to 4.94 (4.71) per cent. Sterling was unchanged at 285 yen per dollar.



**Major earthquake struck** about 625 miles south of Tokyo. It registered 8.2 on the Richter scale. Last year's earthquake which killed 250,000 people in Tangshan, China, was 8.2.

**Volcanists at Golden, Colorado**, said that the shocks would be big enough to cause damage to the city. Volcanic activity has been registered 8 on the scale in the southern part of the Philippines.

**Crack** in the earth's crust opened a 500-yard crack in the side of La Soufriere volcano on the Caribbean island of St. Vincent. Roaring rivers of lava and steam were released. 70,000 have fled their homes.

**British climbers have been** for five days near the crater of a 17,000-foot volcano in the Andes. Volcanic activity has been registered 8 on the scale in the southern part of the Philippines.

**Police club archers**

A riot police officer was charged with the death of a 17-year-old student who died of a heart attack while taking part in a shooting competition. The student was shot in the chest by a police officer who was clubbing him.

**Umm outburst**

A 17-year-old girl was charged with the death of a 17-year-old student who died of a heart attack while taking part in a shooting competition. The student was shot in the chest by a police officer who was clubbing him.

**Charges**

A 17-year-old girl was charged with the death of a 17-year-old student who died of a heart attack while taking part in a shooting competition. The student was shot in the chest by a police officer who was clubbing him.

**Slips**

A 17-year-old girl was charged with the death of a 17-year-old student who died of a heart attack while taking part in a shooting competition. The student was shot in the chest by a police officer who was clubbing him.

**Profit doubled**

A 17-year-old girl was charged with the death of a 17-year-old student who died of a heart attack while taking part in a shooting competition. The student was shot in the chest by a police officer who was clubbing him.

**Price changes yesterday**

A 17-year-old girl was charged with the death of a 17-year-old student who died of a heart attack while taking part in a shooting competition. The student was shot in the chest by a police officer who was clubbing him.

## Drought will make some foods dear and scarce—Peart

BY JOHN EDWARDS, COMMODITIES EDITOR

A warning of "some food shortages and some price increases" as a result of the drought hitting crops was given yesterday by Mr. Fred Peart, Minister of Agriculture and Food, during a tour of East Anglian farms.

The warning coincided with a long-range weather forecast from the Meteorological Office which gave little hope for an end to the drought.

The forecast predicted mainly dry and settled weather and low average rainfall until September 15, with only brief disturbed spells bringing some rain in many places towards the end of this month or early next month.

Mr. Peart, who is making a two-day tour to see how the drought is hitting farmers in the worst affected areas in the South-East and South-West, said that his fears about the impact of the unprecedented drought were now confirmed.

"I am not a rain god, although lots of people would like me to be. I don't believe in miracles," he said. "The people in the towns and villages who are complaining about food prices should realise the difficulties of production and how it has been affected."

Mr. Peart said, however, that any adjustment in farm returns such as the devaluation of the "green pound," which would immediately put up consumer prices generally, would have to be approved in Brussels first.

Increased acreages of some crops, and the ideal autumn that

## Chateau Margaux sale banned

BY RUPERT CORNWELL

PARIS, August 16. THE FRENCH Government has vetoed the planned sale of Chateau Margaux to the National Distillers company of the U.S. for a reported \$150m.

The vineyard produces one of the five premier grand cru wines of Bordeaux, the Chateau Margaux.

The decision, confirmed today by the Finance Ministry, throws the future of one of France's most celebrated vineyards into doubt and comes as a crushing blow to its present owners, the Ginestet wine merchants.

Margaux has been in the Ginestet family for four generations. However, such are the financial difficulties of the wine business after the dramatic rise in Bordeaux prices and their subsequent collapse that the vineyard's survival depends on the sale of the chateau.

The rejection of the bid from National Distillers—and by implication of the offer of any other would-be foreign buyer—means that the arduous search for an acceptable "French solution" must begin again. And time is running short.

With the wine harvest due in a few weeks, the Ginestet family must soon find more money to meet commitments under long-term financing contracts with producers. Should the firm go under, there is a possibility that Margaux may simply and ignominiously be auctioned off.

## France asked to clarify aircraft plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Aerospace Organising Committee has asked the French Government to clarify its intentions over international collaboration on civil aircraft manufacture.

The request became necessary after last week's decision by France to go ahead with the short-to-medium range Mercure 200 airliner, using the Franco-U.S. CFM-56 engine and with only a small—15 per cent—contribution by McDonnell Douglas.

The U.K. believes that the decision cuts sharply across earlier French claims that it is anxious to join in other civil programmes on a wider international basis. The U.K. wants much more information about the likely political and industrial effects of the decision.

Lord Roskill, chairman of the U.K. Organising Committee, met leaders of the French, West German and Dutch aircraft industries at Le Bourget yesterday, and made it clear that the U.K. was taking a cool view of the French decision.

The U.K. believes that the decision cuts sharply across earlier French claims that it is anxious to join in other civil programmes on a wider international basis. The U.K. wants much more information about the likely political and industrial effects of the decision.

## Buckley leaves way free for Ford and Reagan

BY JUREK MARTIN

SENATOR James Buckley, the New York conservative, today removed an element of uncertainty of the Republican Convention here by saying he would not allow to be nominated for the party's Presidential candidacy on Wednesday night.

Last week Senator Buckley said he might get into the race to deny either President Ford or Mr. Ronald Reagan a first ballot victory.

The reasons for his move were not spelled out, but Vice-President Rockefeller advanced the theory this morning that he was acting at the behest of the ultra-conservative Senator Jesse Helms from North Carolina, who wanted Mr. Reagan to drop his liberal running mate, Senator Richard Schweiker from Pennsylvania.

Senator Buckley, who is up for re-election himself in New York this year and who has been under heavy pressure from State Republicans critical of his initiative, was as deplorable today as he was last week.

He merely said he thought there was no essential ideological differences between Mr. Ford and Mr. Reagan, and that support whoever won the nomination. He specifically said he would have no difficulty endorsing a Reagan-Schweiker ticket.

A Buckley candidacy would have been almost impossible to get off the ground. Apart from



President Ford Strategists work overtime

KANSAS CITY, August 16. said that even if Mr. Reagan wins the nomination he does not think Mr. Schweiker will necessarily get the Vice Presidential nod the following evening.

Perhaps significantly, Mr. Reagan had lunch today with Senator Helms, but without Senator Schweiker who has been Mr. Reagan's constant companion in the hunt for delegates in the 24 hours that they have been in Kansas City.

The Convention's opening session this morning was noteworthy for what did not happen. The Reagan forces had opportunities to raise rules and procedural questions and so test the mood of the delegates, but chose to hold their fire until tomorrow night, when the controversial Rule 16 C will be thrashed out. It requires Presidential candidates to name their prospective running mates on the morning before the Presidential ballot.

Additional challenges to the party platform are also expected in committee meetings this afternoon.

The outcome of the full Convention vote on Rule 16 C is uncertain, though the betting is slightly in favour of its defeat.

Mr. Elliott Richardson, the Commerce Secretary, and Mr. William Scranton, the UN Ambassador, who are both possible Carter slips, Page 5

## Rise of 1.7% in retail sales not likely to set trend

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SALES in shops recovered last month from the depressed level of the previous two months, but this is not expected by retailers to be the start of any sustained improvement.

The index for volume of retail sales rose by 1.7 per cent, to 109 (1971=100, seasonally adjusted), according to Department of Industry provisional estimate published yesterday.

Retail sales have fluctuated sharply this year—boosted in January by the specially strong sales season and in April by the Budget.

The latest advance may partly reflect particularly successful mid-year sales beyond that allowed for in the usual seasonal adjustment, as consumers may be concentrating more of their purchases on the "special sales" periods.

The very high number of foreign tourists, especially in London, has obviously had a significant effect on sales in certain areas.

Its impact is difficult to judge, but is minimal overall. Overseas tourists in the U.K. account for about 2 per cent of total consumer expenditure throughout the year.

The rise last month may also be partly a reaction from the impact of the very hot weather on the June index.

The provisional estimate is, of course, subject to revision, and was adjusted downward in June, so given the erratic monthly

**RETAIL SALES VOLUME**  
(Seasonally adjusted)

Month	1975	1976
1st	111.3	106.9
2nd	106.9	105.5
3rd	105.5	105.8
4th	105.8	107.3
1st	107.3	108.5
2nd	108.5	106.1
3rd	106.1	108.5
4th	108.5	108.5
5th	108.5	108.5
6th	108.5	108.5
7th	108.5	108.5
8th	108.5	108.5
9th	108.5	108.5
10th	108.5	108.5
11th	108.5	108.5
12th	108.5	108.5

## Only we fly to the Bahamas.

Fly the flag.

From Heathrow with a direct 747 and three 707s to Nassau every week this winter. Plus two 707s to Freeport, including a non-stop service on Wednesday. All with convenient morning departures.

See your Travel Agent or British Airways shop for details.

**British airways**  
We'll take more care of you.

**FEATURES**

Feature	Page
Telephone marketing	14
First impressions of Moscow	4
Toucher anti-terrorist laws	15
The Earth's water resource	5
The management of British Shipbuilders	13
Claymore Field	7-11

**ON OTHER PAGES**

Page	Prospectus
12	13
13	14
14	15
15	16
16	17
17	18
18	19
19	20
20	21
21	22
22	23
23	24
24	25
25	26
26	27
27	28
28	29
29	30
30	31
31	32
32	33
33	34
34	35
35	36
36	37
37	38
38	39
39	40
40	41
41	42
42	43
43	44
44	45
45	46
46	47
47	48
48	49
49	50

For latest Share Index phone 01 246 5026







Cold La Ina.



The aperitif  
of the  
aficionado.

Available at around £1.99



## OVERSEAS NEWS

## Yen gains 0.9% against dollar

By Charles Smith

TOKYO, August 16. THE YEN appreciated by 0.9 per cent. against the dollar on the Tokyo foreign exchange market today, closing at a rate of 160 yen to the dollar, the highest level for nearly 17 months.

The market was busy, with 818 yen changing hands during the day (the highest turnover since late June). But the Bank of Japan evidently made little attempt to support the dollar at least until near the end of the day. This marks a sharp contrast with the bank's behaviour some four weeks ago when the dollar came under heavy pressure in Tokyo. On that occasion Bank of Japan dollar purchases over a three-day period were thought to have totalled between \$300m. and \$400m.

The underlying reason for the yen's strength is Japan's powerful export performance which has given it a visible trade surplus of some \$3.5bn. during the first six months of the year. The July trade figures, due to be published tomorrow, will almost certainly show another impressive surplus. In the meantime, the performance of the dollar on the Tokyo foreign exchange market seems to have been influenced significantly by the yen buying of yen in foreign exchange markets such as London and New York.

## Demand

The yen was in heavy demand in New York last Friday, closing at a rate of one dollar equals 160.50 yen. This was nearly 2 yen per dollar below the rate of 162.50 at which the Tokyo market had closed earlier in the day. Japanese banks with branches in New York and London have been selling yen heavily in the past few days to meet demand from foreign buyers. This in turn has meant that the banks have acquired large quantities of dollars which have had to be unloaded in the Tokyo market.

A factor in the Bank of Japan's decision to stay out of the market during most of today could have been the implied warning issued last week by the U.S. Under-Secretary of the Treasury, Mr. Edwin Yeo, that the U.S. expects Japan to allow the yen to appreciate. Mr. Yeo avoided actually mentioning either Japan or the yen during most of his public statements on currency problems during a three-day visit to Tokyo but he said repeatedly that nations with strong currencies should not attempt to depress their exchange rates artificially.

In the light of Mr. Yeo's message BOJ evidently decided today that it would be unwise to do anything to prevent the yen reaching the 160 level. It remains to be seen whether the Bank will attempt to control the market if the rate threatens to go below 160 tomorrow or subsequently. Some Japanese exporters have taken the view that the yen's strength will be a boon for their export operations. The rate goes below 160, but the Bank of Japan may be in no position to impose a 250 rate in Tokyo if the foreign exchange markets in London and New York are quoting rates of 280 or lower.

## ON OTHER PAGES

International Company News: Klockner steel deal  
French electrical figures  
Korff plant negotiations ..... 18  
Farming and Raw Materials: Brazil coffee fear  
Australian wool prospects ..... 23

## Australia's shipbuilding industry 'in jeopardy'

BY KENNETH RANDALL

CANBERRA, August 16.

WITH A new session of Parliament opening tomorrow, the Australian Government finds itself in the midst of a bitter controversy over a decision which it is claimed, will mean the destruction of the Australian shipbuilding industry.

The Government has decided to allow its Australian National Line (ANL) and the Broken Hill Proprietary Company (BHP) to buy a total of six new ships from foreign suppliers instead of Australian shipyards, and it has scrapped plans to join with the State Government of New South Wales in a \$A70m. ship repair project to give new life to the NSW State dockyard at Newcastle, north of Sydney.

About 5,000 jobs are directly at stake at the Newcastle State dockyard and BHP's Whyalla shipyard in South Australia, although the demise of the industry would have considerable wider effects in both cities.

Australian-built ships currently attract a Government subsidy of 25 per cent. and, given a reasonable chance to tender, the local yards can match overseas competitors with this advantage, existing policy says they must get the order. The policy is enforced by the simple device of refusing import approval in such circumstances.

However, according to the Transport Minister, Mr. Peter Nixon, the local yards would need to subsidise rate of 55 per cent. to match foreign competition, on the evidence of their recent performance.

Mr. Nixon said that subsidy payments in 1975-76 amounted to \$A42m., equivalent to more than about \$9,000 a year for each shipbuilding employee at Newcastle and Whyalla. To make the Australian shipyard "competitive" with overseas suppliers would require a subsidy equivalent to about \$A13,000 a year per employee.

"We have reached the situation," said the Minister, "that in order to attract orders to Australian yards it would cost more in subsidy payments alone than the full cost of having ships built overseas."

"The simple fact is that ANL can buy the ships overseas for approximately \$A9.5m. whereas it would cost over \$A20m. each, before subsidy, to build them in Australia."

## Order

On that basis, the ANL has been authorised by the Government—its sole shareholder—to place an order overseas for four bulk carriers of 15,000 deadweight tonnes each to replace existing coastal vessels which are nearing the end of their useful life.

Mr. Nixon said a similar situation existed for "several" other ships whose intending operators would also be free to look to overseas sources "if they wish." Two ships for BHP are among them.

On the plans for a graving dock and other ship repair facilities at Newcastle, the

Government says that estimated costs, on 1975 prices, have risen to almost \$A70m. from the 1974 estimate of \$A33m.

"An investment of this magnitude could not be justified on economic grounds, particularly in the light of reduced defence demands on existing dry-dock facilities on the East Coast," the announcement said.

Despite the economic logic of the Government's position, the outcry was hardly surprising at a time of unemployment unprecedented since the height of the depression—5.2 per cent. in seasonal terms, with 42 per cent. of it concentrated in N.S.W.

The chairman of the Australian Shipbuilders' Association, Mr. Ian Butler, said today the industry was stunned by the decisions which meant ruin for itself and many small business suppliers.

Reaction to the decisions is overwhelmingly hostile in both States but it would involve an enormous loss of face for the Federal Liberal Country Party Government to back down now. Furthermore, it has found vocal minority support from the rural lobbies whose main concern is for freight rates.

The NSW Premier, Mr. Neville Wran, tonight proposed the construction of a \$A30m. floating dock at Newcastle to take up some of the workers likely to be displaced from the State dockyard, and this could be the way to some sort of compromise, albeit heavily weighted in the Federal Government's direction.

## Economics stressed at Colombo

BY ROBERT GRAHAM

COLOMBO, August 16.

IN A KEYNOTE speech inaugurating the Heads of State meeting at the fifth non-aligned summit, Sri Lanka Prime Minister Mrs. Sirimavo Bandaranaike called for greater emphasis on economic issues by member-countries.

Emphasis on the resolution of developing countries' economic problems has become the theme for this conference.

Mrs. Bandaranaike said: "The non-aligned community has certainly reached the stage at which it ought to concentrate, more than ever before, on lending economic substance to its political 'victories.' The emphasis of the movement has traditionally been political, and until now it has

been primarily concerned with supporting moves to end the economic process through political backing for liberation and independence movements.

But, with the decolonisation process almost complete, following Portugal's handing over of its African colonies, the movement is now looking for a new direction."

Mrs. Bandaranaike, speaking before what must be the largest gathering of heads of state ever held in Asia, insisted that politics were sterile if they did not lead to "economic hope and betterment, and in the ultimate, to true economic independence."

To achieve this she said it was essential to have greater solidarity among developing countries.

## Intense disagreement on Spanish Sahara issue

BY OUR OWN CORRESPONDENT

COLOMBO, August 16.

ATTEMPTS to produce a common stand on the question of the future of the Spanish Sahara has created deep divisions here at the fifth non-aligned summit.

The issue is proving so divisive that conference sources say it is likely to be side-stepped.

The basic argument centres round whether the conference should endorse the current moves by Mauritania and Morocco to control the territory or to support the Algerian-backed Polisario Liberation Movement which would establish an independent sovereign state.

Within the Arab League there is a majority favouring Mauritania and Morocco. Indeed, Algeria is reported to be extremely disenchanted by the Arab League's stand with support for it only coming from Iraq, Libya and Somalia.

Yet despite this, Arab League support here in inter Arab discussions, there is a sizeable following for Algeria and Polisario

among the non-aligned countries represented.

The Arab League by discussion among its members here had apparently hoped to bury the issue so that there would be no open discussion. But Angola, Dahomey and Mozambique insisted on raising the matter of support for Polisario and included a call for its support in the general declaration of principles preceding the political declaration, which the conference will approve.

Mauritania was so incensed, according to one reliable source, that its delegate in the drafting committee insulted the outgoing non-aligned President—President Houari Boumedienne of Algeria—accusing him of expansionism.

The Moroccan delegates then stepped into the attack, but the Moroccan delegation was reportedly divided among itself and there was a shouting match among three members of its delegation.

tries—another constant theme of the conference.

Referring to a negotiating a New Economic Order with the industrialised countries, she said the search for a more equitable relationship was "global, and its emphasis on co-operation." Then she added significantly: "Confrontation is a negative concept, out of keeping with the principles of non-alignment."

While underlining the need for dialogue with the industrialised countries, she warned that co-operation would not work unless there was a "due recognition of the urgency scale and importance of the problem."

The conference countries are fighting what they see as a new form of imperialism—supranational corporations, multinational companies, the power of the industrialised countries within the IMF and in international banking institutions to control the flow of funds, and the restriction of technology.

This too was a strong theme in Mrs. Bandaranaike's speech and is also reflected in various aspects of the draft economic declaration being prepared to come to terms with this new form of "imperialism." Mrs. Bandaranaike urged greater self-reliance and the creation of more producers' commodity associations—on, for instance, copper, bauxite and uranium—to follow OPEC's example.

These new producers' associations, Mrs. Bandaranaike said, would help to be effective "countervailing weapons" along with the establishment of a Third World currency, further, general measures of a nature of Third World frustration than practically, she suggested the creation of a commercial bank "The Bank of Asia, Africa and Latin America." This would be a solidarity fund but a genuine counterweight to the "truly multinational enterprise."

Reuter adds from Nairobi: Ugandan President Idi Amin has announced he cannot attend the summit because of circumstances beyond his control, according to Uganda Radio today.

## Danes plan urgent programme of cuts

By Hilary Barnes

COPENHAGEN, August 16.

THE SOCIAL Democratic minority Government today decided to recall the Folketing from its summer holiday tomorrow to rush through a programme of measures to cut consumer demand and public spending, and to limit income growth in 1977 and 1978 to 6 per cent. a year.

There will also be a dividend freeze and present price and profit controls will continue.

But the Government is assured of support of only 80 votes, 10 fewer than a majority. Its survival will depend on how the Liberals, the largest opposition party, decide to vote.

The measures are intended to reduce the Kr.12bn. budget deficit and the current balance of payments deficit which this morning stood at the first half of this year, exceeding the previous record annual deficit of Kr.7.7bn. in 1974.

Extra taxes are expected on alcohol, tobacco, petrol and road vehicles. Some reports say there will also be new taxes on energy, sugar, tea and coffee. The indirect tax increases will total Kr.3bn., equal to 4 per cent. of total private consumption expenditure last year.

The public spending cuts will come to Kr.3bn. over two years, compared with budget expenditure this year of about Kr.78bn. But this will be offset by income tax concessions of Kr.1.5bn. and by increases in spending to promote industry and employment.

An official source said that the fiscal squeeze would probably total Kr.2-Kr.3bn. equivalent to about 1-1½ per cent. of gross domestic product.

The Government estimates that the measures will reduce the current balance of payments deficit from Kr.3bn. to Kr.1.5bn. to about Kr.1bn. in 1978.

Prime Minister Anker Joergensen said the income policy element is the most important feature of the programme. This allows for a total annual rise in wage and other incomes of 6 per cent., including 2 per cent. a year negotiated between the unions and the employers, and about 3 per cent. automatic price-linked escalator increases.

Seveso sounds safety warning

By Fay Gjester

OSLO, August 16.

A FOUR-DAY international conference on industrial health and safety problems, attended by scientists and doctors as well as some 200 trade union delegates, opened here this morning.

Arranged by the International Metalworkers Federation and hosted by Norway's powerful Iron and Metalworkers Union, its main aim is to define the most pressing problems in the field, and to discuss how unions can co-operate internationally to secure solutions.

If unions do not demand international standards, conference sources point out, the multi-nationals will just go on moving their "dirty" production to under-developed countries where worker protection laws are inadequate or non-existent.

The tragedy at Seveso in Italy had "sounded an alarm," Norwegian union leader Lars Skytten told the conference.

## Bonn confirms arrests in Nato aircraft spy case

BY NICHOLAS COLCHESTER

BONN, August 16

THE WEST German Federal Prosecutor's Office today confirmed that two men have been arrested under suspicion of intending to sell extensive plans of the Anglo-German-Turkish Tornado multi-role combat aircraft (MIRCA) to the Soviet bloc.

According to the office, a 32-year-old Belgian, Jean-Louis Kuzniak, was arrested while handing over a suitcase full of MIRCA plans to a third party. For this and other material, the intelligence service of an East European country is said to have offered Mr. Kuzniak DM20m.

His arrest led to that of a German, Mr. Manfred Kneufmann (36), under suspicion of having co-operated with Mr. Kuzniak in arranging to sell material on the Tornado to a Cypriot trading organisation.

The West German newspaper, Die Welt, published the story this morning. The Prosecutor's Office said it would hinder efforts to trace the information back to its source. Both Der Spiegel, a West German news magazine, and Die Welt had known about the arrests for some time.

According to Die Welt, Tornado plans came from the computer centre of Messerschmitt-Boelkow-Lohm.

Munich aerospace company which is the major West German contractor in the three-nation project, MBB had no comment to make today beyond pointing out that neither of the arrested men had anything to do with the company.

The Tornado is the largest and most important co-operative weapons project in Europe today. The three producing countries have ordered 800 aircraft at a total price, without spares and ancillary equipment, of about £5bn. With 300 companies and some 70,000 people working on the project in three countries, and with three Govern-

ments monitoring the cost of aircraft and its performance in test phase, it was clear the start that security would be a high-headed monster.

The security question was piquant earlier this year when there were mounting fears Italy might elect a government into power and this in turn the role in Nato and in the Nato weapons project into a Government official, were to console themselves with the assertion that little the MRCA's technology, with exception of the avionics, could be called really sensitive information.

## Swiss espionage charge

BY JOHN WICKS

ZURICH, August 16.

THE SWISS Federal Public Prosecutor has announced the arrest on the suspicion of espionage for the Soviet Union of Mr. Jean-Louis Kuzniak, a former instruction officer in the Swiss army, in connection with the country's air defence force.

Mr. Kuzniak (66), who is retired, is alleged to have passed military information and documents to the members of the Soviet embassy

Should this charge be proved, Mr. Kuzniak would be the first high-ranking officer in the Swiss army to be charged with espionage. The Swiss Defence Mr. Kuzniak said this afternoon that interest of the further details, no further details will be given at this stage.

## West German 5-6% growth air

BY OUR OWN CORRESPONDENT

BONN, August 16.

REAL GROWTH in the West German economy in 1977 should be between 5 and 6 per cent. after 6 per cent. in the current year, says the Bonn Economics Ministry today in a compact and unequivocal statement about the development of the economy.

Yet it concedes that measures to counter structural unemployment in West Germany may be necessary.

Meanwhile, the latest opinion poll of the Wicks Institute recorded a movement in favour of the existing Government as the general election approaches. Support for the conservative Opposition was 47 per cent., while 44 per cent. said they would vote for the Social Democrat Party of Chancellor Helmut Schmidt and 7 per cent. for the Free Democrats of Foreign Minister Hans-Dietrich Genscher.

A month ago, the choices ran: 49 per cent., 42 per cent. and 6.1 per cent.

In what appears to be a definitive pre-election campaign, the Economics Ministry statement, the Economics Ministry states that the weakening in economic growth that has been evident of late should not be mistaken for signs of tiredness. "While conceding that thesecond half of the year,

prime generator of growth over the rest of this year will be export demand, the Ministry also thinks that the German upswing has now built up enough internal momentum to carry growth through into 1977.

The weakest point in the Ministry's stock taking concerns the labour market where there has been scarcely any improvement in the unemployment situation in the summer months. It admits that measures may be necessary to tackle structural unemployment—for instance by stimulating labour mobility, and by encouraging people to get out of threatened trades.

Gay Hawtin writes from Frankfurt: West Germany's mechanical engineering industry is still awaiting recovery at home. A substantial improvement over the first half of the year has been offset by a considerable fall in domestic bookings compared with last year's performance.

Dr. Justus Fuerstenberg, general manager of the West German Mechanical Engineering Association, said in an interview with the business daily Handelsblatt that the industry was "hoping for a return in the second half of the year."

However, he said, "At present we feel very uncertain about the developments of the few months, and our expectations for the foreseeable future are limited."

He said that a meaningful improvement in investment of part of our domestic capital market was not likely to be achieved until the first half of the year. Orders in real terms had fallen by 6 per cent. compared with the performance in the same half of 1975. This fall in domestic orders was not reflected in the result of a 2 per cent. fall in domestic orders by 10 per cent. over the period.

Thanks to the size of a current order book, the industry has managed to avoid a production slump. At the same time prices moved upwards by only 4 per cent. compared with an 8 per cent. increase in the of imported machinery.

The strength of export sales surprised the experts. Overseas sales in the half rose by 7 per cent. to DM25bn. (15.4bn. £).

Individual orders had played an important role in this.

## Poland rations sugar after panic buy

BY DAVID LASCELLES

POLAND yesterday introduced

sugar rationing to stem a tide of panic buying which has made sugar virtually unobtainable over the last month.

By issuing coupons, the Government has limited sugar purchases to 2kg (4 lbs 6 oz) per person a month at the subsidised price of 10.5 zlotys (18p) a kilo. Unsubsidised sugar will still be available at 26 zlotys (45p) a kilo without coupons. There is no time limit to the rationing, but Polish officials say they hope to end it soon, once the market gets back to normal.

The move follows persistent rumours of a sugar shortage and price rises which prompted housewives to queue daily for several hours. Many shops reported a whole week's delivery sold in half a day.

In an initial move to quell these rumours, earlier this month the Government published figures to show that sugar was available in similar volumes to last year. But this attempt to deal openly with the consumer had little effect.

Polish leaders then met the trade unions and, at the end of last week, announced the intention to introduce rationing. The monthly ration is in line with average sugar consumption and should cause little or no hardship to most people, though with the fruit-bottling and jam-making season imminent demand

will be above normal. There were no reports of popular satisfaction from Warsaw 5 days ago.

Judging by the Government figures and overall sugar supply in Europe, it was not a shortage that prompted the panic buying. The world of sugar recently dropped at with the prospect of a good beet harvest.

A more likely reason is that, in the wake of the recent Polish Government plans for consumer goods, June to raise food prices, likelihood of a run on commodities, as rumours hold, must be strong.

## FIRST IMPRESSIONS OF MOSCOW

## Beyond the looking glass

BY DAVID SATTER, MOSCOW CORRESPONDENT

ON A summer afternoon, Moscow from the Lenin Hills is a vast city of wide avenues and brownish-yellow apartment blocks, crisscrossed by greenbelts of forests and parks. A meandering river divides it, lined by factories pouring smoke into a hazy sky with golden clouds.

The city spreads out for miles, powerful, busy, like any other major capital. It is only down below, on crowded streets full of bare shops and Communist slogans, that it is different.

Few, if any, cities can compete with Moscow in the style of its public pronouncements or the omnipresence of the police. Roof-top signs and placards, total comradeship, brotherhood and freedom. Posters on street corners call for an end to the arms race.

Even so, it is not Moscow's progressivism that strikes one so much as that for the capital is a "peace-loving" society. It is usually tightly controlled. Militia men are a common sight on the streets or in cars, traffic police are posted at virtually every intersection and armed guards stand watch 24 hours a day at the entrances to every one of Moscow's embassies and foreign "ghettos." Sometimes it seems that the city exists simultaneously on two different levels, propaganda and reality, with a continual effort being made to convince people that the first is the truth.

To help propaganda along, ordinary Russians are cut off from outside sources of information and from foreigners, who live, shop, and work in special facilities. The guards at the embassies and foreign ghettos give a friendly salute to

foreigners they recognise. But if an unauthorised Russian approaches them, they become suspicious and, if the Russian has the nerve to try to get past, round, printed last year to commemorate the 30th anniversary of the victory hang in people's

Signs in restaurants announce that Thursday is "fish day," not because of a nationwide meat shortage but to "balance people's diets."

much attention is still devoted to the Soviet Union to the last war. It is a favourite subject of newspaper articles, television programmes and films. Posters printed last year to commemorate the 30th anniversary of the victory hang in people's

world where there is little connection between what he is being told and what he knows to be true. Because of the control over information, what is obviously black can frequently be referred to as white.

Examples are everywhere. Although Soviet citizens will feel its effects for years to come, the 1975 harvest failure is always referred to obligingly in unfavourable weather conditions. Signs in restaurants announce that Thursday is "fish day," not because of a nationwide meat shortage but to "balance people's diets."

Three middle-aged American correspondents are not only de-nounced as CIA agents and described for good measure as Remains non-persons in the country they helped found, and no guide is likely to point out Solzhenitsyn Square, on busy Leninsky Prospekt, where the now exiled writer worked as a prison labourer on a construction site, or the large grey house

opposite the Kremlin members of the Soviet elite who died in Stalin's purges and a privatisation of the purges in the 1930s.

Reality is distorted in Soviet Union. But the to disorienting Soviet reality Soviet propaganda, filling in spaces deliberately left blank all the more difficult because Soviets occasionally succeed in concentrating enormous and talent in a specific area, injecting some truth into propaganda-coated world.

The Soviet Union is a country with a standard of far below that of the West. The Soviets successfully lure two commonists into outer who may set a new end record. This achievement pressed people everywhere nowhere more than in Moscow itself because while the commonists were making a few link-up at the Sabay 5 station, Soviets here are getting stuck in traffic taking minutes to complete simplest job.

Maybe it is all an attempt to convince the world that the society is capable of achieving the ambitious goals it has itself. But most Soviet citizens react to propaganda by who are or simply distrust the sources and information. Foreigners have Western sources of information. But even they, affected by a society that to create its own reality, are in Moscow always "coming in" and leaving "going out."

**PROTEA HOLDINGS LIMITED**  
INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA

**ABBREVIATED PRELIMINARY YEAR END REPORT TO SHAREHOLDERS**

The estimated trading results of the Group for the year ended 30th June, 1976, and the actual results for the comparable previous financial year are as follows:

	Year ended 30th June 1976	Year ended 30th June 1975
Group turnover	R195,047m	R159,539m
Attributable to Protea shareholders	R7,970m	R9,375m
Shares in issue	29,521m	28,855m
Earnings per share (cents)	27	32.5
Dividends per share (cents)	13	13

Turnover for the year was substantially higher than last year but margins were lower due to increased competition in generally weaker markets and also to concentrated efforts to reduce stockholdings in various areas of the Group's business, which necessitated sales at lower than normal margins. While earnings for 1975/76 were less than for last year the Board is nevertheless of the view that the payment of a dividend equivalent to that paid last year, is justified. The Board has consequently decided to declare a final dividend of 10 cents (1975 - 10 cents) payable to shareholders registered at the close of business on 27th August, 1976, which together with the interim dividend of 3 cents per share (1975 - 3 cents) makes a total distribution for the year of 13 cents; which on the basis of the estimated results, will be more than twice covered by earnings.

Johannesburg  
10th August, 1976

F. G. BEARD  
L. A. BEARD  
Directors

## Palestinians prepare for 'very long battle'

BY IHSAN HIJAZI

BEIRUT, August 16.

A PROMINENT guerrilla leader has predicted a "very long battle in Lebanon."

Mr. Salah Khalaf, better known as Abu Iyad, who is the second-in-command in the guerrilla movement after Mr. Yasser Arafat, yesterday said that "there is no room in our ranks for those who want to cut the time short."

The speech coincided with the intensification of fighting on all fronts in the past 24 hours and in wake of the occupation by

A group of Lebanese Christian bankers has suggested that the Central Bank, located in Beirut's Moslem sector, open a branch on the Christian side, a step which would further solidify the division of Beirut.

The bankers asked that the branch be set up in Jouieh, "capital" of the 800-square-mile Christian enclave to support private banks operating in the enclave.

Right-wing forces of the Palestinian camp of Tel al Zaatar. Artillery duels gained momentum in the eastern mountains especially around the towns of Al Metein and Aintourah about 30 miles east of here amid reports that both the Right Palestinians and the Left are preparing for a major battle there.

The Palestine Liberation Army from the area has fortified its positions and helped left-wing militiamen strengthen the defences of the village of Salma, which lies on the dividing line between Christian-controlled and Palestinian-held lines. Salma is also crucial in maintaining the supply line for the Palestinians and the Left.

It is linked with the mountain resort of Bahadoun on the Beirut-Damascus highway. The resort, however, is threatened by Syrian troops which are stationed at Sofar only three miles up the road. In fact, a left-wing radio station said the Syrians have begun to move to cut off the Palestinian-Left supply route.

According to right-wing and left-wing sources, Syrian troops this afternoon entered the town of Hammanah, which was interpreted as a Syrian attempt to put pressure on the Palestinians to withdraw from Aintourah and Al Metein.

Mr. Abu Iyad held the Syrians responsible for the fall of Tel al Zaatar, and added that as long as the Syrian forces are in Lebanon right-wing forces will continue to score victories.

He did not rule out the possibility of the fall of Aintourah and Al Metein, but said this will not affect the position of the Palestinian revolution. He accused unnamed Arab oil states of financing the Syrian campaign.

THE FINANCIAL TIMES published daily except on Sundays and public holidays. Second class postage paid at New York, N.Y.

JPR 10/1/50











# FINANCIAL TIMES SURVEY

Tuesday August 17 1976

## Claymore Field

Claymore, one of the smaller North Sea oilfields, should by next spring be making its modest but significant contribution to Britain's growing offshore supplies. Favoured by access to facilities of a neighbouring field, development of this marginal find seems set to prove an extremely viable proposition.

# Smile If you're British

Claymore looks set to break all records in the North Sea.

A crucial factor has been the successful completion by William Press Production Systems of four of the LARGEST OFFSHORE OIL PRODUCTION MODULES to be built in the world. They will form the total production deck for the platform.

The modules were built at Howdon yard by Tyneside workers furthering their reputation for high standards of craftsmanship. The company completed the project within the ORIGINAL CONTRACT PERIOD despite the fact that project development demanded

module weights well above original estimates.

Just one of the many successful jobs already undertaken at Howdon yard, where current work includes contracts for the Thistle, Brent and Leman fields.

Nice to have something to smile about.

**PRESS**

**British construction  
on time**



## CLAYMORE FIELD II

## All the marks of a success story

THE DEVELOPMENT of the seven-year \$175m. Eurodollar Occidental Group's Claymore facility with an international consortium of banks headed by stage with the load-out this the International Energy Bank week of the last of the four and the Republic National production modules. The British-Bank of Dallas. The money is built facilities will be towed to being used to fund the Clay-the basic platform structure, more development. At the already in position some 110 same time, Thomson has miles north-east of Aberdeen. arranged loans with the same

If installation of the pre-fabricated production units on the platform proceeds as planned—and there is always a big "if" in the deep and hostile waters of the North Sea—the field could set a new U.K. record for the time taken to develop an oil find from the original discovery date.

The field, discovered on block 14/19 in May, 1974, should be on stream in April or May next year, ultimately adding up to 168,000 barrels a day to Britain's flow of offshore crude. The speed with which the find is being developed—and the project is currently on schedule—owes much to the bigger Occidental Group find, the Piper Field, a few miles away on block 15/17.

It is probably a truism that Claymore would not have been developed at this time had it not been for Piper. For Occidental and its three partners, Getty Oil (U.K.), Allied Chemical (North Sea) and Thomson North Sea, were able to spread the total development costs across the two fields. For instance, they will both use the same pipeline and Orkney oil terminal, originally planned for Piper alone.

All that was needed to develop Claymore was a production platform, a nine-mile pipeline spur linking the field with the trunk pipeline, and extended facilities at Flotta in the Orkney Islands.

Occidental has arranged a



An indication of the giant scale of the platform during construction by the Union Industrielle d'Entreprise at Cherbourg.

be difficult to make out an economic case for developing any field with less than 500m. barrels of reserves, although this is an extremely rough yardstick. A glance down the list of 14 U.K. oilfields currently on stream or under development shows up the many anomalies. Hamilton Brothers Argyll Field has just 70m. barrels of recoverable oil and yet it is one of the more profitable in the North Sea. Shell/Esso's Auk Field, with about 50m. barrels, is currently producing above the rate anticipated and is another financially attractive project. Indeed, no fewer than 10 of the commercial fields have less than 500m. barrels.

So why the pessimism? The oil industry is concerned that the demands of new technology, higher costs and the current tax regime are combining to make the smaller fields less attractive. Quite a few of the 14 commercial fields would probably remain undeveloped if they were discovered today. It is fortunate that they were sanctioned several years ago, before costs rocketed.

It is not only inflation that is to blame. As the oil companies progressed up the learning curve so they demanded new production facilities, different transportation systems and modified fabrication methods. What is happening on Claymore is a case in point.

Development of the project demanded that the final weight of the four production modules was far greater than the original design. In the end the modules weighed between 1,500 and 2,000 tonnes each. This particular project, undertaken by William Press Production Systems, involved over 50 British companies and cost in total around £36m. And yet in spite of the considerable design

changes the work was completed on schedule. Dr. Dickson Mabon, Minister of State for Energy, has been harshly critical of the oil industry for underestimating the difficulties of designing, manufacturing and installing complex production systems in such formidable maritime conditions.

A recent Government report points out that the cost of BP's Forties Field development rose from an estimated £350m. in 1972 to £750m. in mid-1975. The true cost is now nearer £800m. some 2.4 times the initial budget. The report says that taking all projects in the North Sea, the most recent cost estimates are over double the initial estimates—an increase of over 100 per cent. For projects active in the period autumn 1973 to spring 1975 the increase was even higher, with final estimates some 2.4 times the initial budgets.

Dr. Mabon said that licensees' desire for quick exploitation of new-found North Sea oil led

to them to rush into development programmes "like a bull at a gate." The industry was now proceeding more cautiously, he said, and there was unlikely to be such massive cost escalation in the future.

But is it right that Dr. Mabon should criticise the industry? Was it not in the country's interest to produce its own oil as quickly as possible and to start demolishing the crippling balance of payments deficit largely caused by oil imports? And was not the Government just as over-eager for development when it stimulated the construction of oil platform fabricating sites in anticipation of an ordering programme which, as we see now, will never arise?

Increasing caution is justified as costs rise and development moves to more remote and deeper waters of the U.K. Continental Shelf, and the size of fields becomes generally smaller. But by moving swiftly in the early stages the oil industry has enabled itself and the Exchequer to slow down and catch their breath.

The latest fact sheet, produced last month by the Department of Energy, shows that this year the first oilfields on stream should be producing between 15m.-20m. tonnes—around 20 per cent. of U.K. consumption and worth between £800m. and £1.1bn. to our balance of payments. By 1980, when the country should be energy self-sufficient, the 14 fields should be producing between 95m.-115m. tonnes, a direct balance

of payments boost of between \$5.2bn.-£6.3bn. at mid-1976 prices and exchange rates.

Although Sheikh Yassir bin Abdullah's Oil Minister feels that Britain may deliberately over-estimate the size of North Sea reserves, the Department of Energy still holds its opinion that total recoverable reserves could reach 1.13bn. tonnes, worth well over £2 in undiscounted terms. Proven reserves are put at 1.29bn. tonnes, and probable and possible at 2.29bn. tonnes.

**Mystery**  
How much of this oil was developed remains a mystery partly obscured by the Government's future taxation considerations. It is about two years since an offshore oil group decided to proceed with the development of a field, although a few more are expected to give the go-ahead in the meantime.

In the meantime Britain only bank on those field are being or about to be commercially exploited: field an estimated 1.13bn. tonnes recoverable oil. Clay contribution to this total around 4.8 per cent., could have been lost had Occidental Group decided very early stage to develop and to us Piper Field for financial operational support.

Ray D  
Energy Correspondent

## Novel financing package

THE FINANCING package for Piper, which is reckoned to be among the most profitable commercial finds in the North Sea, is being used in some measure as collateral for the Claymore financing.

The terms of the financings mean that the credit facilities are not simply repayable from the proceeds of oil sales from Claymore but, if necessary, from the Piper revenue as well.

**Loophole**  
As part of these security arrangements the Government agreed to amend the licensing provisions. This action was taken after it was discovered that there might be a legal loophole casting doubts about Occidental's rights to the Claymore Field's reserves.

The lending banks pointed out that the development licence was issued by the Government in substitution for a part of a previous licence which had been surrendered. As the licence should have been advertised, it was felt that the validity might be challenged. The banks' caution was shown again in the way they viewed

the recoverable oil reserves of Claymore. The consortium considered that the field would produce at least 257m. barrels, an extremely conservative estimate when set against consultants DeGolyer and MacNaughton's estimate of 336m. barrels and analysts Wood Mackenzie's 400m. barrels. Within the oil industry

at large estimates have gone as high as 450m. barrels, although the true production profile will not be known before the field is on stream next year.

But the banks have added to their safety margins by also assuming an extremely low price for North Sea crude, well below the \$12 to \$13 per barrel rate at present. There can be few in the industry (or banks) who expect the price to fall over the next few years.

Furthermore, in Thomson's case, the banks are to receive a royalty on the oil recovered to compensate them for "certain risks associated with the project." Thomson, a fortunate newcomer to oil exploration, will provide the banks with 3 per cent. of its Claymore Field production and 2.5 per cent. of its share of the first 642m. barrels produced from Piper.

Under previous financing arrangements—in which Occidental and Thomson raised \$150m. and \$100m. respectively for the Piper Field development—the lending banks had already been assured of receiving a royalty of 2.5 per cent. of Thomson's share of the first 642m. barrels out of Piper.

Nevertheless, the Financial Times Lex column was moved to note on February 5 that for Thomson the deal appeared to be an "excellent" arrangement. It had enabled Thomson to fully finance its 20 per cent. stake in the estimated \$480m. Claymore development costs. (The costs may have risen slightly in the past six months, but they are still well under \$500m.)

It is unlikely that a suitable financing package could have been found for the marginal

Claymore field if the bigger and brighter Piper find had not been lying close by. The deal is an example of the way banks, institutions, the City in general and the Government are willing to adopt a flexible approach to North Sea financing. So far almost all the arrangements established by British Petroleum and the lending banks

of the financing arrangements. One special share of the company, which technically operates the field, the share rights unless BP or its subsidiary default or approach to raise about the event, the rights of the will be enlarged so that banks take control of the company; under a designed debenture the would use that control to ate the field to repay advances.

London and Scottish Oil (LASMO) and 5 Canadian Oil and Trust (SCOT) adopted a different approach to raise about the event, the rights of the will be enlarged so that banks take control of the company; under a designed debenture the would use that control to ate the field to repay advances.

**BANKS INVOLVED IN \$175M. OCCIDENTAL FINANCING FOR THE CLAYMORE FIELD**  
International Energy Bank (co-manager)  
Republic National Bank of Dallas (co-manager)  
Bank of America  
National Westminster Bank Group  
Royal Bank of Canada  
Barclays Bank International  
Canadian Imperial Bank of Commerce  
Continental Illinois National Bank and Trust Co.  
Midland Bank  
Manufacturers Hanover Trust Company  
Toronto Dominion Bank  
Seattle-First National Bank  
Marine Midland Bank  
Bank of Scotland  
Irving Trust Company  
United California Bank  
The Royal Bank of Scotland  
Wells Fargo Bank  
Banque Worms Finance  
First National Bank of Commerce (New Orleans)

So although the raised funds for North Sea invest poses extremely big and novel problems—development costs are invariably in companies like Occidental Thomson have shown that a fair degree of ingenious answer can be found.

## U.K. COMMERCIAL OILFIELDS

Field	Operating Group	Est. Recov. Reserves (m. barrels)	Production timetable
Argyll	Hamilton Bros.	70	Producing—June 1975
Auk	Shell/Esso	50	Producing—Feb. 1976
Beryl	Mobil/GC	400	Est. start—Aug. 1976
Brent	Shell/Esso	2,000	Est. start—Sept. 1976
Claymore	Occidental	400	Est. start—April/May 1977
Cormoran	Shell/Esso	160	Est. start—Aug./Sept. 1977
Dunlin	Shell/Esso	400	Est. start—Aug./Sept. 1977
Forties	British Petrilm.	1,800	Producing—Nov. 1975
Heather	Unocal	150	Est. start—mid 1978
Montrose	Amoco/GC	130	Producing—July 1976
Ninian	Chevron/BP	1,000	Est. start—June/July 1978
Piper	Occidental	800	Est. start—Nov. 1976
Statford	Conoco	428	Est. start—Nov. 1978
Thistle	Burmah	450	Est. start—Oct. 1977

Sources: Department of Energy and Wood, Mackenzie.

A full range of operational systems for the movement of abnormal structures

**MAGNA LOAD**

New technology in the offshore construction and heavy engineering industries is producing structures of larger unit size and weight. This is demanding parallel improvement in the technology of the movement of indivisible loads. MAGNALOAD meets that demand.

MAGNALOAD LIMITED,  
Ferry House,  
Ferry Road,  
Middleborough,  
TS1 1HZ,  
England.  
Telephone: 0642 40461  
Telex: 35284

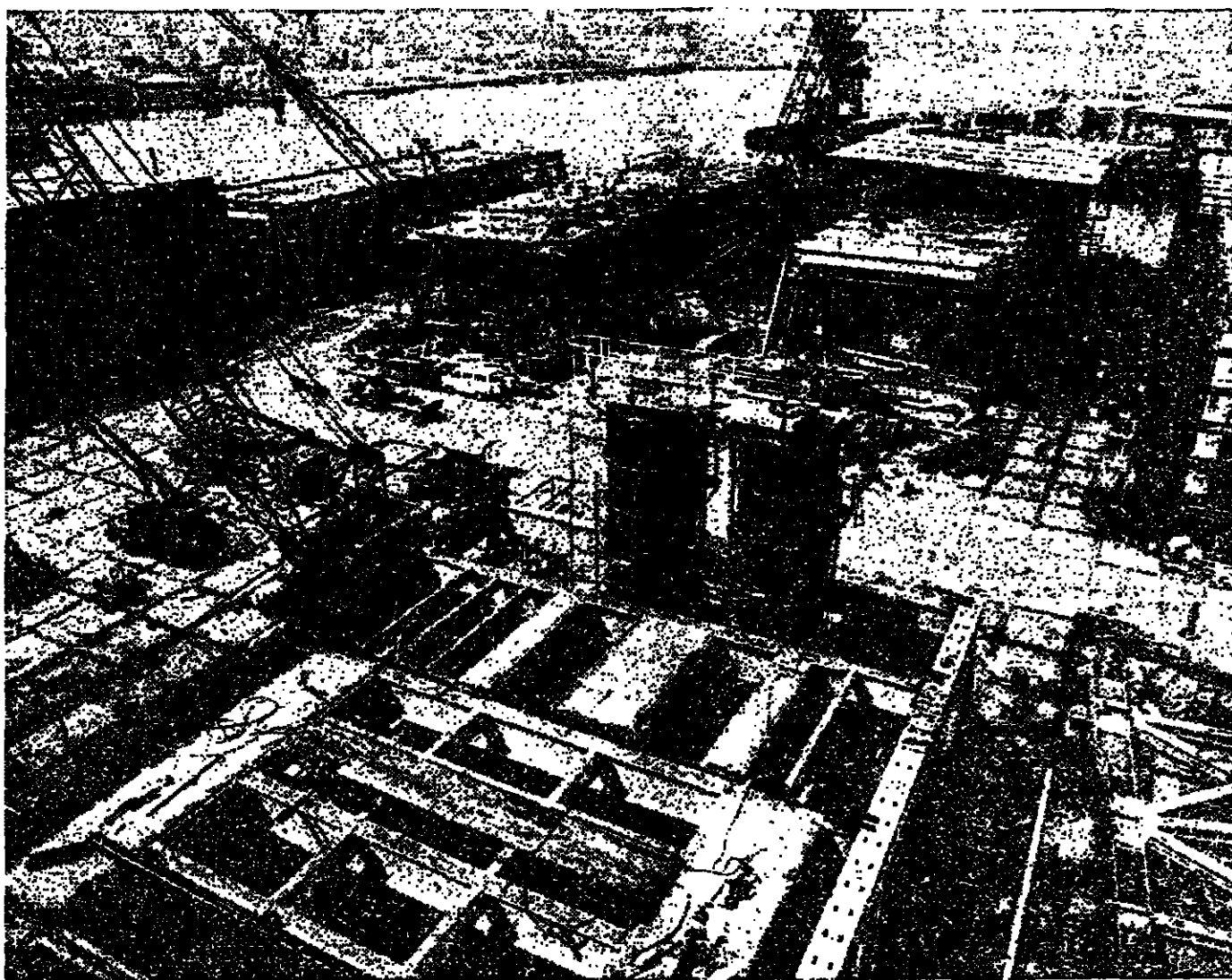
MAGNALOAD LIMITED (A British company owned jointly by Peckston Group Limited and Mammoet Transport B.V.)

Final positioning of the platform after the long tow from France.



## CLAYMORE FIELD III

# Economics of a marginal field



Construction of Claymore modules at the Houston yard of William Press Production Systems.

looking for at least a 20 per cent return, while those facing the risk of selling the oil on the open market should be looking for a minimum return of 25 per cent.

Experience has shown that delays, cost escalation and changes in the world price of crude can all vary the eventual return. A recent Government report (North Sea Cost Escalation, Study Energy Paper No. 7) highlighted the way in which the cost of projects had increased during the development stages. The report concludes that taking all projects in the North Sea the most recent cost estimates are over double the initial estimates—an increase of over 100 per cent. For projects active throughout the period autumn 1973 to spring 1975 the increase was even higher, with final estimates some 2.4 times the initial budgets.

There are many reasons for soaring costs, of course, and inflation is only one of them. Dr. Dickson Mabon, Minister of State for Energy, last month put much of the responsibility on the shoulders of the oil industry itself. Companies, he said, had underestimated the difficulties of designing, manufacturing and installing complex production systems in hostile conditions.

In the northern part of the North Sea, for instance, it is possible to experience a maximum wave height of over 100 feet, whereas in the Santa Barbara Channel in the U.S. the maximum is less than 50 feet. Again, in the northern North Sea operators face about 15 per cent "downtime" on drilling operations due to bad weather, whereas in the Gulf of Mexico and Santa Barbara they can expect nil interference. These are examples of the hostile conditions that are frustrating North Sea development plans and putting up costs.

A financial model of a 400m barrel field, prepared by a major U.S. company, shows that a 15 per cent increase in capital expenditure can cut the discounted cash flow return by 4 per cent. A one-year production delay could cause a 25 per cent drop in the DCF return. And it is not unusual to find a field being influenced by both

### Inflexible

The industry feels the system is too inflexible. So does Mr. Kemp. He found the fiscal package to be "too blunt and insensitive to achieve its objectives." Under existing conditions changes in rates of PRT were an ineffective way of assisting marginal fields.

It might be worth the Government pondering on this point. For it is likely that most of the really big fields in the North Sea have now been found. Increasingly Britain will depend on smaller fields for its oil security. If small is not to mean marginal or plain uneconomic, industry must be given more encouragement to explore and develop. The luck of Claymore will not be repeated too many times.

R.D.

## Industry hoping for revival in orders

AFTER more than two blank years hopes are now rising that the North Sea exploration programme—perhaps as many as four will place orders for production platforms in the next 18 months as a new phase of North Sea development begins to take shape.

This should help to boost the future level of offshore business which is expected to fall to about £1bn this year after peaking in 1975 at £1.2bn and £1.3bn in 1974. But despite the fall in overall business, which suppliers can take encouragement from the fact that they are now securing a greater share of the business—at a time when the total market is falling and their share is expected to show a further improvement in the coming 12 months.

The report from the International Management and Engineering Group, which led the setting up of the Offshore Supplies Office in January 1973, suggested that left to its own devices the British industry would obtain perhaps 25 to 30 per cent of the home market. But if appropriate actions were taken share could go up to 70 per cent.

The last report from OSO showed that U.K. companies managed to win 52 per cent of the year's offshore business in the U.K. sector, of the North Sea, compared with 40 per cent the previous year. The total value of orders placed by contractors was about £1.185m, of which the U.K. won £813m.

### Improved

Last year was one of consolidation of the U.K. continental shelf and there was some in the level of forward commitments. But the performance of the U.K. industry continued to improve and the OSO attaches particular importance to the improvements in the services sector where there is a significant technical involvement. This is the chief factor in the overall improvement in the U.K. share of offshore business, with U.K. companies capturing 6m of a £585m market last year.

There are some sectors of the market where the U.K. still has no or no capability, such as sub-sea drilling, sub-sea supply and laying and offshore replacement work. When these are excluded from the overall performance the U.K. year pushed up its share of the market to 66 per cent, compared with 55 per cent in 1975.

In the capital goods side,

where the U.K. took about 63 per cent of total business, the main improvements came in process plant and equipment, pipe coating and fittings, wellhead and completion equipment, and modules and other fabrications.

In the provision of services where the U.K. pushed up its share of the total from 29 per cent of the market in 1974 to 41 per cent in 1975, big jumps were shown in diving, cementing services and provision of drilling tools and equipment.

The long hiatus in platform ordering may well be broken towards the end of the year or at the beginning of 1977, when it is probable that Continental Oil will push ahead with a platform order for its Murchison field. Two yards, Hunterston and Portavadie, are still to receive their first orders, and work ran out this month at Laing's offshore yard at Graythorpe with the tow out of the £38m platform for the Burnham Group's Thistle field.

### Cavalcade

The three other steel yards at Methil, Fife, Nigg Bay and the Cromarty Firth and Ardeer near Inverness have about another nine months' work on hand, but none of them have yet secured another order. The concrete platform yards at Loch Kishorn and Ardyne Point on the Firth of Clyde have completion dates stretching through to the end of 1977, but again have no more orders sealed. The picture is in sharp contrast to the prospects painted by the Government policy paper published two years ago, which foresaw the need for 80 platforms in the North Sea by 1980.

Recently Dr. Dickson Mabon, the Minister of State for Energy, told trade unions that the Government could see no definite platform orders being placed this year. But he suggested there was a reasonable possibility of orders for three or four production platforms being placed next year or in early 1978.

On the brighter side apart from Conoco, Shell/Esso have indicated they will soon be in a position to order another platform either for the Tern field, or as an extension to the Cormorant field, and Texaco is undertaking further drilling around the present finds in the Tarnan field. Production from this field would probably be fed into the pipeline from the Piper field to the terminal at Flotta in the Orkney Islands.

Another exploration group, Transworld, is hoping to start production from its Buchan field in 1978 and will probably adopt a production system similar to that used by the

Hamilton Brothers Group on the Argyll field.

The signs are that the Transworld programme will opt for an early production system with a floating semi-submersible production platform. Oil would be pumped directly into tankers through a single point mooring buoy system.

But as the order books for the U.K. continental shelf have thinned it has become clear that U.K. companies seeking to expand their offshore activities will increasingly have to look outside U.K. waters.

The OSO believes that U.K. companies now have a proven track record in the offshore field with their engineering capability tested in the North Sea, one of the world's most rigorous environments. It is hoping that successful enterprises will now exploit this experience in the export markets.

The export message will be pushed home in the next two years as the cavalcade of offshore services exhibitions reaches an unprecedented level of activity. In the next few months exhibitions are scheduled for Stavanger, London and Birmingham, and Aberdeen will play host to another major exhibition next year. Further ahead plans are being laid for conferences in 1978 in diverse centres from South America to South-East Asia. The OSO has shown some alarm at the sudden growth of the exhibitions circuit, but can call on no direct powers to create a more rational pattern.

There are prospects of increased activity for the offshore industry off Spain and India and in the Aegean, the Gulf and the Red Sea. According to Viscount Slim, the chairman of the advisory committee for the World Offshore Exhibition and Conference to be held in London in October, the new technologies that are being developed by British companies in the North Sea make it possible for them to capture a large share of this wealthy international business.

"It is imperative," he says, "that our country obtains a major part of this business and does not merely rely on the revenue from landed oil. The OSO reckon that about £5bn is now being spent annually on world-wide offshore operations.

There is scope for British companies to go out and sell in the Far East, India, South America and Africa, and for the last five years BP has been involved in talks with the Rus-

sians on a whole range of possible projects to help exploit the oil and gas reserves under the Caspian Sea.

BP has also held talks with a number of other countries, including Brazil, about the sale of technology and equipment developed in Britain to overcome the extremely difficult drilling and operating conditions in the North Sea.

One of the next major phases of North Sea offshore activity may well be sparked off by the Government's ambitious plans for a gas gathering system to collect the vast supplies of gas that are being produced along with oil.

A £16bn network of gas pipelines linking many of the North Sea oilfields was suggested earlier this year by a study commissioned for the Department of Energy, which is now carrying out design and feasibility studies.

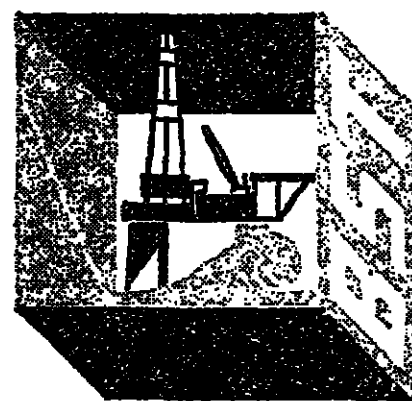
The system envisages an 800-mile network, of which 550 miles would require pipes of 24-inch diameter or above. Such pipes are currently outside the scope of the British Steel Corporation, but it is actively considering what capital expenditure would be needed to get into this field. Consideration is also being given by several investment groups to bringing together consortia of companies that might be able to bid for a joint pipeline venture. Involvement by the British National Oil Corporation and British Gas would be essential in any such joint venture. This was spelled out by Dr. Mabon, when the report was published.

The pause in the placing of orders for new production platforms in the U.K. has clearly caused the total of offshore business to decline in its wake, but more optimistic predictions for the market are now coming from various quarters.

A recent North Sea Marine Construction Survey of the years up to 1980, prepared by Smith, Barney, Harris Upham, looks outside the immediate U.K. and Norwegian sectors. It says: "An extensive analysis of offshore activity in the Netherlands, West Germany, Denmark, France and Ireland leads us to conclude that a significant increase in development work is likely to take place in these areas in 1977."

"The bubble of potentially developable fields is expanding. Just when the bubble will burst and new commitments resume, it is difficult to say, although we believe events are moving much closer to this point."

Kevin Done



# BARRIER

GRITBLASTING AND PAINTING  
FOR THE OCCIDENTAL  
CLAYMORE FIELD, FINISHED  
ON TIME

BY  
**BARRIER SURFACE  
TREATMENTS LTD.**

### SPECIALISTS IN

- \* GRITBLASTING TO STEEL AND CONCRETE
- \* PROTECTIVE COATINGS TO STEEL AND CONCRETE
- \* LIQUID PLASTIC COATINGS
- \* EPOXY AND POLYMERIC FLOORING
- \* CORROSION CONSULTANTS
- \* OUR STAFF HAVE SUCCESSFULLY CARRIED OUT CONTRACTS FOR SHELL, B.P., TAYWOOD SANTE-FE AND LOCAL AUTHORITIES

FOR FURTHER DETAILS CONTACT  
157 HIGH ST. EAST,  
WALLSEND, TYNE + WEAR  
TEL: WALLSEND 620510



## CLAYMORE FIELD IV

## Pipeline access a key facility

THE DEVELOPMENT of oil fields in the deep and hostile waters of the North Sea have presented many novel and formidable challenges. Some offshore groups with smaller funds, like Hamilton Brothers, Argyll and Shell/Esso's Auk, have been content to install offshore loading systems so that tankers can collect crude directly from the fields. Although capital costs can be contained, output is restricted by tanker operations and, sometimes, by weather conditions.

For large fields, a pipeline system is almost obligatory if a high production rate is to be maintained. This, in itself, is crucial if operators are to recover the massive development costs.

So the developers of the Norwegian Ekofisk Field have built a pipeline to Teesside (the sub-sea Norwegian Trench prevented the line being built to the Norwegian mainland). The British Petroleum and Chevron groups are to use a £200m pipeline to land Ninian crude; Shell/Esso have built a pipeline to carry Brent oil; and the Occidental Group have laid a line to transport crude from its Piper Field to the Orkney Islands.

Fortunate are the companies with smaller, possibly marginal fields, which find themselves in a position to tap into an existing pipeline passing nearby. Earlier this month Union Oil, the Heather Field operator, announced it was to take a stake in the Ninian pipeline. The Occidental Group is able to utilise its Piper pipeline to carry oil from the Claymore Field.

## Example

It can be argued that but for the existence of the Piper pipeline, the Claymore Field might never have been developed. It is another example illustrating the way that Claymore—historically a commercially marginal field—is going ahead on the back of Piper.

A 30-inch submarine pipeline was laid between the Piper Field and the oil-receiving terminal on Flotta Island, in Orkney, throughout 1974 and 1975. The 130-mile line has a design capacity of 560,000 barrels per day. Given Piper's anticipated maximum output of around 250,000 barrels per day there is clearly plenty of spare capacity to handle Claymore's output of up to 150,000 barrels per day.

Fortunately for the Occidental Group, Piper and Claymore are very close together and it took only 7.8 miles of 30-inch pipeline to link the two. During the main pipelaying operation two lay barges were used, one by J. Ray McDermott, which worked out from Flotta, and the other by Brown and Root, which worked in the other direction from Piper.

In view of the spare capacity which still exists in the pipeline, it is possible that Texaco will be seeking a stake in the system, should it decide to develop its Tartan Field and other finds in quadrants 14 and 15.

The Piper and Claymore pipelines account for about 22 per cent. of the total development cost of the two fields; some £239m. out of a total £1,097m. based on the last published figures, although the total cost is now probably nearer £1.2bn.

Piper's share of the pipeline costs is put at \$160m., with Claymore's around \$80m.

Coincidentally, the total cost of the shore terminal at Flotta works out at the same as for pipelines: \$239m. The terminal, virtually ready to accept crude from Piper, will create permanent employment for about 150 people. Occidental has made it clear that Orcadians will be employed to the maximum practical extent—an important point for the people of Flotta, who see the employment prospects as a means of halting the drift away from the island.

Inevitably problems have arisen; they are bound to when you set down a major industrial complex in an isolated rural area. On the whole, however, the Orkney Islands Council seems to have adopted a more amenable attitude to oil development than its counterpart in the Shetland Islands where the Sullom Voe terminal is being built to handle oil through the Brent and Ninian systems. The Flotta development has undoubtedly been aided by the relatively few oil industry interested parties. The Occidental consortium comprises just four companies; there are around 30 involved in the Sullom Voe project. That is a large juggernaut to manoeuvre around tricky obstacles.

The Orkney terminal was originally designed with five storage tanks, each with a capacity of 500,000 barrels. All of the 48 foot high tanks have been cleverly landscaped into the coastal hillside. If the terminal had been built on nearby Hoy, the local authority might well have demanded underground storage to protect the environment—a demand initially made at Sullom Voe by the Shetland Council although it was dropped as part of a compromise package.

Occidental plans to erect two further tanks, each with a capacity of 1m. barrels, to accommodate Claymore Field crude. Site preparation and the original tanks bases were completed by JMJ Contractors while the five tanks now erected were constructed by Motherwell Bridge.

The terminal also features a gas-oil separator plant, a gas ballast liquefaction plant and ballast cleaning and disposal works. The gas separator plant will be able to handle 22m. cubic feet

a day, much of which will be liquefied for shipment, with most of the remainder being used to fuel the terminal electricity generators.

In the absence of a refinery at Flotta, the treated crude oil will be loaded from single point moorings in Scapa Flow, two miles from the shore, at a rate of up to 160,000 barrels a day. Historic Scapa Flow provides an ideal deepwater anchorage, because since the construction of the Churchill Barriers during World War II the inlet has become virtually a salt water inland sea.

One of the detailed reports on the environmental aspects of the Flotta development points out that Scapa Flow is also relatively free from fog, with sufficient water depth to permit all-year-round access by tankers of up to 200,000 deadweight tons. The report adds that the Flotta terminal is distinct in that there is only one transfer operation involved from storage to tankers. At other terminals, like Bantry Bay in Ireland, there is a double handling operation whereby the oil arrives in large tankers, is transferred to storage, and then is transferred back into smaller tankers for shipment to refineries.

This single transfer operation—common in the Middle East—is one with which the U.K. should become increasingly familiar as North Sea oil exploitation develops. The Sullom Voe terminal will work on a similar principle.

It will be interesting to see which council—Orkney or Shetland—attracts the development of the next terminal. There is considerable industry speculation, for instance, that a pipeline and terminal will be needed to develop Pan Ocean's Brae Field and perhaps nearby oil finds. In terms of distances to shore, there is little to choose between the Orkneys, the Shetlands or, for that matter, the Scottish mainland around Peterhead.

Both sets of islands are seeking oil involvement to boost revenue. They see this as an ideal opportunity to lay the foundations for rejuvenated but long-term island development.

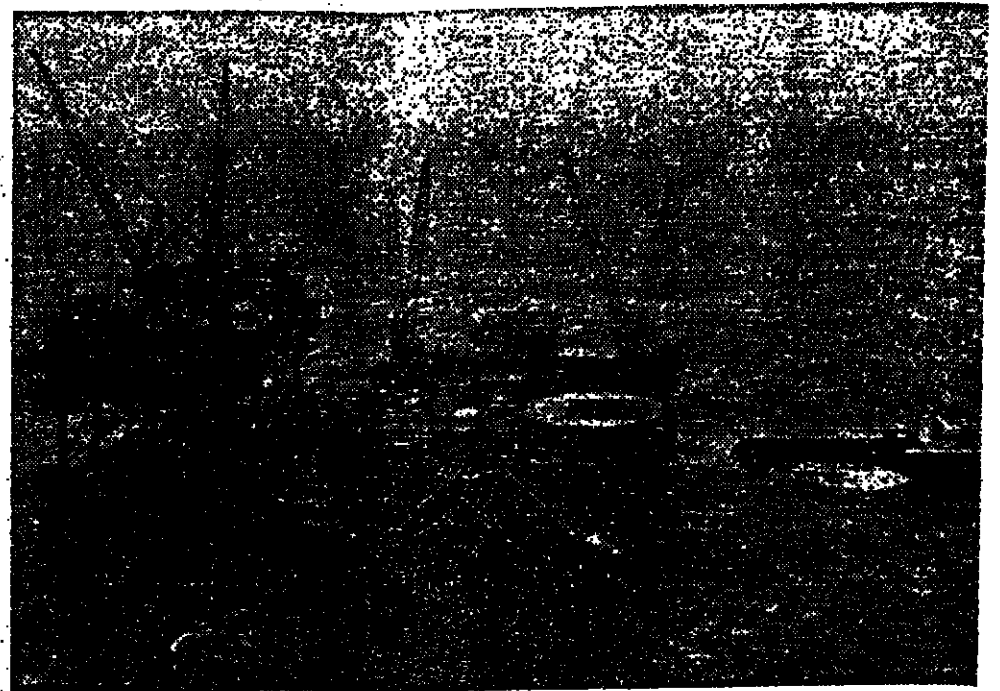
The Shetlands have outline plans for several more pipelines; the Orkneys have made provision for two or possibly three more terminals.

Until recently the oil industry seemed less than enthusiastic to return to the Shetlands with more investment. Some companies had made provisions for installing offshore loading systems to by-pass the Sullom Voe terminal, so serious was their concern about delays.

Flotta, on the other hand, was progressing without undue controversy or delay. The dispute which was holding up Sullom Voe has now been settled, however. Furthermore, the Shetland Islands Council's hard bargaining chief executive, Mr. Ian Clark, is leaving to become a full-time director of the British National Oil Corporation.

Lessons have been learned from the developments at both Flotta and Sullom Voe. As with other aspects of the North Sea learning curve, the next terminal—wherever it is built—should be an easier project.

R.D.



The nearby Piper platform, with the semi-submersible support vessel Bredjo Dolphin alongside

## Oil density among the heaviest

THERE IS an oilfield in Venezuela which produces 94° API crude oil—oil so thick and heavy that it is like treacle.

There is another oilfield not far away, in Bolivia, which produces 57° API crude, a very light oil. These are extreme examples of heavy and light oil, as measured by the calculation, based on specific gravity, that the American Petroleum Institute developed.

General worldwide demand for crude oil is in the region of 84° API, that is a medium density oil. Oil in the North Sea is generally regarded as light, by international standards, but there is a fairly broad range of density nonetheless. Ekofisk oil, for example, is the lightest produced in the North Sea, at 40° API. The Claymore and Argyll

fields produce some of the heaviest oil, at 30° API.

However, the rock characteristics in the North Sea are so similar, on all the known oilfields, that the 10° difference between Claymore oil and Ekofisk oil is to all intents and purposes irrelevant from the point of view of production.

The density of a crude oil is not by any means the only factor that has to be taken into account when deciding whether or not to exploit a reservoir. There are also considerations of rock porosity, the permeability of the country rock, and the existence or otherwise of associated natural gas.

In Claymore's case, Occidental could hardly have chosen two fields more unlike, within the confined limits of difference between North Sea oilfields. At 37° API, Piper produces some

of the lightest oil in the North Sea. But there are many other differences more important than the range between the densities of the two fields.

In Piper, Occidental was particularly lucky. The field structure, in Jurassic sandstone, is an uncomplicated reservoir, producing low sulphur light crude from two zones at a depth of just over 7,500 feet. There is sufficient associated gas to make production fairly simple, with no need for supplementary techniques other than gas injection at this stage. A conservative estimate puts recoverable reserves at about 650m. barrels, assuming 40 per cent. recovery, and a life of at least 20 years.

Claymore is very different. To start with, the structure of the field is badly faulted, less permeable than the sandstone formation on Piper. In

reservoirs and possibly more, fairness, these comparisons make Claymore look particularly poor, whereas in fact it is Piper which is particularly good.

The final decision to exploit Claymore hinged on Piper in several respects. The Piper-to-Flotta pipeline was a crucial factor. It meant that Claymore oil could be brought ashore by the fairly simple and relatively inexpensive addition of a £20m. nine-mile spur pipeline from the Claymore jacket to the Piper/Flotta line. However, to that must be added the extra cost of providing onshore facilities at Flotta, a £40m. extension to the terminal.

But Piper also plays a part in the actual production from Claymore. Piper has substantial quantities of associated gas, sufficient to lift its own oil, and at the same time serve a 17-mile 18-inch pipeline to Claymore, where it is injected into the Claymore reservoir to increase pressure and help raise the oil there. Occidental will also be

using a gas lifting technique on Claymore that it will need on Piper. It injects into the bottom of the oil rising oil, giving it an boost.

Occidental freely admit Claymore would have been impossible to exploit without Piper. With Piper, it becomes what is potentially highly successful operation. On its start-up early next year (dictated not by oil activities now but by the line from the Claymore jacket to the Piper/Flotta line. However, to that must be added the extra cost of providing onshore facilities at Flotta, a £40m. extension to the terminal.

By a curious twist of what Piper has in geo near-perfection Claymore had in its development programme. It needs no equipment to get it on in spite of all the problems seem to be associated with the Piper Field. All it needs is its neighbor Piper Field.

Rodney S

## Constructing the platform

WHEN Occidental took the yard, on the sound commercial decision to develop the Claymore Field, it lost no time in putting the order for a jacket up for tender. This was in 1974, more than a year before the Energy Department, through the Offshore Services Office, developed its Memorandum of Understanding and Code of Practice with the U.K. Offshore Operators Association—the policy which ensured “a full and fair opportunity” for British industry to compete for orders in the U.K. offshore market.

When the tenders were received, Occidental selected the Cherbourg-based Union Industrielle d'Entreprise (UIE) Although of the same conventional steel jacket design as the one built for Piper, the Claymore jacket had to be substantially larger, standing in 474 feet of water against 360 on Piper. So it weighed a formidable 12,000 tonnes, and cost about \$90m. to build.

The piling operation, too, was a major success in its own right. It was completed in record time—less than a month—and well ahead of schedule. Occidental used a massive Mark 800 piling barge to do the job, the biggest craft ever used to pile a jacket in the North Sea.

The piling of the Piper jacket, by comparison, was far more complex, involving inserting the piles by drilling them in, an operation which took nearly a year to complete. When Occidental placed the Claymore jacket order, work diversification was very much the name of the game. So the contracts and sub-contracts were spread around liberally. Matthew Hall Engineering handled all those for the modules and they went to British yards. British yards still had a hand in the platform, as the tubular steel sections for the jacket came from McDermott at Ardersier, Highland Fabricators at Nigg Bay, and Redpath Dorman Long's Scunthorpe yard. RDL's fabrication yard at Methil in Fife, won the contract to build the complex deck support frame for the UIE jacket.

The platform yards, as the men in the module industry say, only build the legs for the television set—the module builders make the televisions themselves. Module is perhaps an ill-chosen word to describe the separate but equally technically advanced structures that fit on top of the deck which fits on top of the jacket.

The production modules for Claymore (there are four) are being built at William Press Production Systems' Howdon yard at Newcastle.

Matthew Hall Engineering was awarded the contract to engineer, procure and build the modules. As project designers, it selected the William Press subsidiary to build the production modules. The modules are similar in appearance, though they house different equipment, and vary in weight from 1,500 to 2,000 tonnes. This makes them the heaviest modules yet to be installed on the U.K. Continental Shelf. Their average size is 180 feet long by 50 feet wide and 28 feet high.

As has happened so often in the short history of North Sea

development, the original design for the modules was inadequate. They have grown considerably heavier as they have been developed. Three of the four modules are now loaded out—that is, they have been loaded onto barges and are ready to be towed out to the Claymore field where they will be loaded onto the deck support frame, already in place, as soon as Occidental, and the weather, are ready.

## Loaded

Like everything else on Claymore so far, there has been no major hitch yet and they have been completed on schedule. The last module should be loaded out this week. They will have cost Occidental \$38m.

These modules will be the main reason for the existence of the jacket itself. They contain the equipment which will actually do the oil exploration. The jacket is only there to keep them from getting wet. The “A” module contains the equipment necessary for the actual drilling and water treatment operation.

The B module holds the separation plant and the main pumps. The “C” module houses the compression and fuel gas equipment, and the “D” module carries the generators that will provide the power needed by this tiny tin town in the sea when it becomes fully operational. It also holds the brain for the platform, the control room from which all on-board functions are controlled.

When they are placed on the jacket, they will lie side by side, becoming in effect a 28 feet high, 180 feet wide, 200 feet long factory.

William Press is proud of the facilities it has at Newcastle. One of the most unusual features of the Howdon yard is the cross-grid that covers the 400 feet by 360 feet reinforced concrete slab that is the main assembly area. The grid, steel runners at 10 feet intervals, is fitted with PTFE strips, so that structures can be mounted on it and moved about the assembly area from one site to another. PTFE is best known under the trade name “Teflon.” The material commonly used on saucepans and other kitchen utensils to make them “non-stick.” There are also two large fabrications buildings on the site, similarly mounted, which can be moved from one area to another.

WPPS is still vigorously employed on North Sea business. It has sufficient work on

hand to keep its 700 staff busy until the spring. It hopes it will be able to produce new orders before then.

The possibilities for diversification in the module business are better than for platform builders, because modules are basically a branch of another fairly recent technology. They are really an extension of the containerisation business, except that they provide packaged plant and equipment rather than goods and materials. WPPS is only one of several module yards which are actively seeking diversified work in the form of orders for plant and equipment that has to be sited on coastal locations.

Examples include desalination plants, power generators, compressors, and small refinery plants. There is little doubt that William Press wants its offshore subsidiary to continue its operations. WPPS showed a loss of £1.8m. in the group accounts in 1975, but since then it has become profitable in its own right, and now contributes to overall group earnings.

Apart from the crucial production modules on Claymore, there are two other sub-modules, D/A and D/B, which carry the firefighting equipment, the communication rooms, the laboratories and the living quarters. This contract went to another Redpath Dorman Long subsidiary, at its Middlesbrough yard on Teesside. These will be floated out to the platform for hook up after the production modules have been placed.

Weather permitting, and this is of growing importance as the fair weather window deteriorates, Claymore will have all the major structures fitted and be ready for production start up early next year.

When it is complete, the Claymore package will have cost Occidental £265m. Of this, the platform and the spur line to the Piper/Flotta pipeline will have cost £175m.

Occidental estimates that 58 per cent. in value of all orders for Claymore will have gone to British companies—a figure very close to the Government's estimates of British industrial involvement in the U.K. offshore. It remains to be seen if those companies which have made Claymore happen, RDL and William Press among them, can attract sufficient new orders, in the North Sea or elsewhere, to build up a substantial stake in the world market.

R.S.

Hick Hargreaves designed and supplied the Wat Flood System for the Claymore Field including 10 Packed Tower Vacuum Degassing Columns with Vacuum Pumps, Water Booster Pumps, Filtration Chemical Injection Equipment, Monitoring Equipment and all Interconnecting Piping.

Hick Hargreaves & Co. Ltd.

Head Office and Works: 60 Skene Square, London E1 3 8DB. Telephone: 01-227 7272. Telegrams: HICKBOLTON. Telex: 63244. A member of the Electrical and Instrument Services Limited Group, 100 Abchurch Lane, London EC4N 3DF.

So much about the North Sea has changed

Ten years and 796 wells have made a world of difference. In the time the North Sea has matured into an established industry of its own. Now, with the sure prospect of British self-sufficiency in oil until the year 2000, developments in the North Sea deserve week-by-week attention. Now they get it. The NORTH SEA LETTER is published weekly instead of fortnightly. It will provide the same concise, yet authoritative information which you have a right to expect from newsletters published by the Financial Times Ltd.

Discover how the new NORTH SEA LETTER marks a major advance on current North Sea reporting. Send for a free specimen copy by writing to: Subscriptions Dept. (NSL), Financial Times, 10 Cannon Street, London EC4P 4EY.

**NORTH SEA LETTER**

**HEDON ENGINEERING ARE BACKING THE BRITISH OIL BOOM!**

We have combined our skills by delivering our Fabricated Process Units to the NORTH SEA — ON TIME!

Specialists in:— Pipe & Steel work, on and off shore. Fabricators in Carbon, Chrome and Stainless Steels.

**HEDON ENGINEERING & CONSTRUCTION CO. LTD.**  
P.O. Box 112  
South Bridge Road,  
Victoria Dock, Hull,  
Tel: 0482 223647.

**HEC**



# Another Gold for Britain



## with on time completion

Matthew Hall are proud to have been associated with Claymore "A" Oil Production Platform for Occidental of Scotland, in their North Sea Project.

This multi-million pound design and fabrication contract completed on time, within eighteen months, has been designed to resist galeforce

winds of one hundred miles an hour, with ninety foot waves in sub zero temperatures.

Matthew Hall were responsible for Project Management, Engineering Design, Procurement and Supervision of Fabrication of Topside Platform Production Facilities.

Matthew Hall Engineering Limited

Matthew Hall House  
11-108 Tottenham Court Road  
London W1A 1BT England  
Telephone: 01-636 3676 Telex: 23764

**MH** Matthew Hall Engineering

Offering a complete engineering service to energy On and Offshore, Petrochemical, Chemical and the Protein Industries.

Also USA : AUSTRALIA : NETHERLANDS : BELGIUM : SAUDI ARABIA.



## HOME NEWS

# Call for export bank to have wider powers

BY JOHN HUNT

DOUBTS about the European Commission's proposals for a European export bank are expressed in a report published yesterday by the Commons Select Committee which examines secondary legislation. The idea of the bank is that it should provide consortia of European companies with finance and credit insurance so they can compete with the large operations mounted by the Import-Export Bank in Washington and the Export-Import Bank of Japan. The committee heard evidence from the Treasury, the Bank of England, the British Bankers Association, the Confederation of British Industry and the Export Credits Guarantee Department.

## 'Inadequate'

Although there was a general opinion that there was a need for such a mechanism in the Community there was considerable doubt whether a European Export Bank on the lines suggested would match the need. There was no consensus on the way forward. The proposed export bank is evidently inadequate in some

# Caledonian seeks more flights to Paris

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN Airways, the independent flag airline, is seeking an increase in the number of flights it can make each week between London, Gatwick and Paris. It has applied to the Civil Aviation Authority for permission to make 37 each way every week, representing 3,700 seats each way, compared with the present 30 flights each way (2,800 seats each way).

The authority will consider the application on September 22. The request results from increased demand for Gatwick flights. Mr. Ian Ritchie, external affairs director of Caledonian, says that this demand demonstrates that the "catchment area" for traffic using Gatwick is far greater than Heathrow's. Many people who live in the South-East find it more convenient to use Gatwick than Heathrow. Caledonian has also announced that it plans to start scheduled services on the new routes between Gatwick and Caracas, Lima and Bogota on October 26.

# Labour campaigners against devolution make confused start

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE CAMPAIGN by Labour backbenchers against the Government's devolution policy got off to a shaky and confused start yesterday. One of its leaders, Mr. Tam Dalyell, MP for West Lothian, said he had no idea what was happening. He disapproved of a formal campaign and preferred a loose grouping of MPs. He tried without success yesterday to contact Mr. Eric Moonman, MP for Epsom, who announced on Sunday that the campaign, styled "Labour against assemblies," would be launched yesterday. Mr. Dalyell was under the impression that the campaign was due to start at a meeting under his chairmanship and convened on his initiative in Blackpool on September 26, the eve of the Labour Party conference. He had seen no drafts of leaflets or any other information that was to be sent to constituency Labour parties. Mr. Dalyell praised Mr. Moonman for his initiative but said that for Dudley West for making devolution a "crucial issue" in English constituencies. Letting the Government know their feelings well in advance was the honourable thing for MPs to do. The campaign had to remain informal, though, with MPs expressing their personal views, as they were against devolution in the form proposed by the Government for a variety of different reasons. "This is a much more complex issue than the Common Market debate. A lot of people stood on the sidelines in that debate. But because the United Kingdom is at stake in this issue, there cannot be these sidelines. Hiving off Scotland is a more immediate issue, because there are so many Scots living in England," said Mr. Dalyell. Mr. Eric Heffer, MP for Liverpool Walton and a former Industry Minister, although not a member of Mr. Moonman's group, will speak in personal capacity at the pre-conference rally in Blackpool. He is expected to propose an amendment to the Government's Bill requiring a referendum in England, Scotland and Wales, on the principle of devolution and the unity of the U.K. before the Bill can become law.

## LABOUR NEWS

# NGA blacking will bring 'summary dismissal'

BY ALAN PIKE, LABOUR STAFF

MEMBERS of the National Graphical Association were told yesterday by the British Printing Industries Federation that they would risk summary dismissal if they went ahead with a ban on work from non-union sources.

The federation represents companies in the general printing sector. It said the union's proposed action would "simply drive customers to other means of reproduction, including non-union firms and foreign printers."

Delegates to the NGA conference earlier this summer instructed union leaders to impose a ban on work coming from "unrecognised" sources. This will come into effect on Monday. The federation and the Newspaper Society have said it is likely to cause serious disruption.

The main effect on newspapers will be on advertising material. NGA members will be instructed not to handle material submitted for platemaking or printing if typesetting or other preliminary work has been carried out by non-union members.

## Confusion

As much as 10 per cent of work in the book field is likely to be affected. Confusion is likely to arise over material of obscure origin, where there is no easy way of telling whether it has been produced by union labour.

The federation said yesterday: "Customers supply certain work, including for example, computer print-outs and work from abroad, in a form ready for platemaking. It is not necessary for further origination work to be carried out in the print firms concerned. This work is processed by NGA members and helps to provide employment for them. The ban was 'unacceptable' to both the Federation and Newspaper Society. It would cause widespread disruption instead of bringing more work to the industry. Although there is unemployment among compositors, it is well below the national average and it is due to the recession affecting the country as a whole. NGA members in Fleet Street last night started blacking copy from three news agencies, the Press Association, Reuters and the Exchange Telegraph, in dispute over the continued employment by the agencies of men who are no longer members of the union."

# Newsmen ordered not to pose as public

THE NATIONAL Union of Journalists executive is instructing its members to stop making calls to radio phone-in programmes or writing letters to newspapers which purport to come from members of the public.

The instruction follows the dismissal from BBC Radio London of Mr. Denis MacShane, himself a member of the executive, after making a remark about Mr. Reginald Maudling while telephoning one of the station's programmes posing as a listener. He was instructed to make the call by a producer. The BBC has offered to reimburse Mr. MacShane for six months' salary during this time he must find a new post in the corporation.

The NUJ yesterday gave seven days' strike notice on behalf of more than 70 members employed on the Northamptonshire Evening Telegraph. The News Echo in Wellingborough and the Harborough Mail. At the same time the journalists began imposing sanctions in support of a demand for a new house agreement including an NUJ closed shop clause.

Northamptonshire News papers, part of the East Midlands Allied Press group, refuse to concede the closed shop, although the NUJ says that it already has 100 per cent membership on the newspapers. The management says that there is a single member of the Institute of Journalists but the NUJ claims he is no longer employed on a journalistic duties.

NUJ officials stressed yesterday that the closed shop demand formed only one element of the disputed house agreement. Members are also objecting to a management proposal that it should run for three years instead of 12 months.

# Employers may help seamen hold ballot

BY CHRISTIAN TYLER AND JOHN WYLES

SHIPPING companies will be advised by their association to help the National Union of Seamen organise its first ballot ever on industrial action.

Without such help the union would find it very difficult to canvass the views of about three-quarters of its members who are on board ships all over the world at any one time. Members working at home ports or on leave will fill in ballot papers at their local union offices.

The General Council of British Shipping said yesterday that there was no reason why secret ship-board ballots should not be fairly conducted even if masters of vessels were involved in conveying the radio message from the union that will go out with the help of employers.

But a number of leading shipping companies yesterday were considering whether to send communications of their own to the vessels. The 38,000 seamen are being asked by their national executive whether they want to take industrial action of the executive's trial action in pursuit of a £8 pay strike.

# Strike halts Young Vic and National Theatre

PERFORMANCES at the new National Theatre on London's South Bank were cancelled yesterday, after an unofficial strike. About 60 stage hands, prop men and electricians walked out over a dispute about rehearsal payments. Performances at the Young Vic theatre nearby—where the National Theatre Company is staging another production—were also cancelled.

# Wage blitz a sham—inspectors

BY IAN HARGREAVES, LABOUR STAFF

A CAMPAIGN for stricter policing of statutory pay levels set by wage councils which cover 3.5m workers was launched yesterday by the Society of Civil and Public Servants and the Low Pay Unit.

The society, which represents Britain's 163 Department of Employment wages inspectors, and the unit, an independently financed research organisation, said the Government's recently announced blitz on employers who evaded wages council rulings was a sham.

Mr. Steve Winyard, a spokesman for the unit, said yesterday: "It's not a blitz, it's just like a couple of custard tarts being thrown." Mr. Gerry Gillman, the society's general secretary, described it as window dressing. They said the blitz simply involved inspectors concentrating their efforts on particular

localities, at the expense of making visits elsewhere. The union said only by increasing the number of wages inspectors could the situation be improved. It has tabled an amendment to a resolution for next month's TUC Congress to demand that the Government should limit the coverage of Section 85 of the Employment Protection Act—which sets out powers to grow alarmingly in the past set information from wages council industries—as part of its spending cuts.

The campaign is calling for the restoration of 30 inspectorate jobs phased out in 1973 and the spending of an additional £1m. a year to lift the inspection rate to 15 per cent of firms. It was said yesterday that last year for the first time the number of routine inspections below 74 per cent—deemed appropriate by the society's officer responsible for staff at the Department of Employment—was at one-third. They estimated that the number of employers who made last year's £4m. of payment would have been against the actual £580,000.

# Quarter of Halifax loans are for pre-1919 houses

BY QUENTIN GUIRDHAM

AFTER RECENT comment on the reluctance of building societies to advance loans on older property, the largest society, the Halifax, yesterday emphasised that 24 per cent of its advances in the first half of the year were on homes built before 1919.

During the six months to July 31, the society lent £593.3m, another substantial increase from the £522.3m. in the six months to January and the £439.6m. in the six months to July 31 last year. Of the new money advanced, £593.3m. went on 69,000 new mortgages and £24.1m. on 18,200 loans to existing borrowers for home improvements. During the

## Receipts

Receipts from investing shareholders and depositors in the half-year, including £126.4m. interest credited to accounts and not withdrawn, amounted to £1.75bn. Withdrawals during the same period amounted to £724.8m. The net investment inflow was £450.4m.

# MPs want full study of EEC milk plan

BY JOHN HUNT

THE COMMITTEE of MPs which scrutinises European secondary legislation is demanding that no action should be taken on the EEC Commission's programme for radical changes in milk marketing until the House of Commons has had a chance to consider the proposals fully.

The controversial scheme for progressive achievement of a balance in milk marketing envisages premiums being paid to dairy farmers who stop marketing milk or convert to beef or sheep production. It will also mean the suspension of most national and Community aid to investment in the milk sector and the introduction of a levy on all milk supplied to dairies and on direct sales of dairy products from farms.

In a report published yesterday, the Commons Select Committee on European secondary legislation complains that it received the two instruments on the scheme only shortly before the start of the Parliamentary recess. It describes the proposals as wide-ranging and contentious.

"The committee believes it is important that no decisions should be reached by the Council of Ministers on any of the proposals in the programme before the House has had an opportunity of discussing them," the report states.

The committee believes the proposals raise questions of political importance. As soon as possible after the recess, it will seek evidence on the scheme from farming, trade and consumer interests and publish a further report.

## APPOINTMENTS

# Senior changes in Bowater group

Mr. S. H. A. Ball is to become managing director of BOWATER PACKAGING on October 1. In July, 1977, he will take over the holding, south positions. As chairman, Mr. Ball will be succeeding Mr. Frank Hayes, who is to retire. Mr. J. L. C. Mott, general manager of the foil and paper products division will become managing director of Bowater Consumer Packaging in place of Mr. Ball from October 1. Mr. Mott is to join the Board of Bowater Packaging.

Mr. John Ullman has been appointed to the Board of BRITISH ANZANI. He is managing director of the group's subsidiary, Town and District Properties. Mr. Ullman has also become managing director of IMM Port Developments, another member of the group.

Mr. Roger Wake has become non-executive chairman of CARPETS INTERNATIONAL following the death of Mr. W. P. W. Anderson in South Africa.

Mr. C. Townsend, a senior executive of NATIONAL WESTMINSTER BANK's related banking services division, has been appointed deputy general manager of the division, succeeding Mr. G. P. L. Pickering who retires on January 31.

Mr. Bill Thornley has been appointed director of ERNEST SCRAGG & SONS (HOLDINGS), a division of Stonefield Industries, responsible for manufacturing and supply.

Mr. J. Martin has been appointed secretary of N. BROWN INVESTMENTS and Mr. R. J. Kenyon continues as financial director.

Mr. Chandra Brahm has been appointed to the Board of the MORAN TEA COMPANY, a subsidiary of Moran Tea Holdings.

Mr. John Houghton has been appointed to the Board of AULT & WILSON GROUP and chief executive of the group's ink division.

Mr. Clifford R. Meyer has been appointed chairman of CINCENT MILACRON LIMITED of the U.K. He is also vice-president of the U.S. parent company Cincinnati Milacron Incorporated and is a former managing director of the British subsidiary. Mr. Meyer succeeds Sir John Benn, who has retired.

Mr. Tony Cooper, formerly managing director of CHANNEL-FLOW FREIGHT SERVICES, has become managing director of INTERROUTE, which is now wholly owned by F. C. Bennett and Sons. Previously the Interoute shareholding had been split between Bennett's and Investment Lusitania, a private company formed by Mr. John Marriott and Mr. Tim Bergqvist. Mr. Marriott has resigned as Interoute's managing director to concentrate on his Portuguese property interests. Mr. Bergqvist remains on the Interoute Board as a non-executive director.

Mr. J. D. Parson has been appointed a director and general manager on the Board of GARLAND ENGINEERING from September 1. He is joining the company from Rank Radio, Plymouth.

Mr. T. E. Jones has been appointed a director and general manager by BARCLAYS BANK OF

# TIGER OATS AND NATIONAL MILLING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

REPORT ON UNAUDITED GROUP PROFITS FOR THE SIX MONTHS ENDED 30TH JUNE, 1976, AND DIVIDEND ANNOUNCEMENT

	6 Months Ended 30.6.76 R'000	6 Months Ended 30.6.75 R'000	Audited Year Ended 31.12.75 R'000
Group Turnover	188 368	154 483	333 989
Unaudited group trading profit before taxation	12 020	10 173	21 335
Taxation	4 599	3 575	8 172
	7 421	6 598	13 163
Minority shareholders interests in trading profits of subsidiaries	31	70	245
	7 400	6 528	12 918
Group's share of net income, after taxation arising out of its interest in the Oceana Group of Fishing Companies	1 563	1 021	2 613
Preference Dividend	8 963	7 549	15 531
	20	21	41
Total group earnings attributable to ordinary shareholders	8 943	7 528	15 490
Number of ordinary shares in issue	11 049 246	11 049 246	11 049 246
Earnings—cents per share	81	68	140
Group—excluding Oceana Oceana	67	59	116
	14	9	24

The above figures do not embrace the operations of associated companies except to the extent of dividends received during the 6 months ended 30th June 1976, and included in total group earnings. If the unaudited profits of the associated companies in respect of their latest trading periods, covering six months and in which at least 50 per cent of the equity share capital is held, are taken into account, the above group earnings in respect of the period under review would amount to 84 cents per ordinary share (six months ended 30th June 1975: 71 cents).

## NOTES:

- The Group turnover of R188 368 000, as stated above, excludes sales of associated companies, whose turnovers totalled approximately R55 000 000.
- Commitments for capital expenditure at 30th June 1976 amounted to approximately R28 000 000, which will be financed by retained earnings and short and medium term borrowings.
- During the period under review, the company acquired the entire issued share capital of:—  
Palms Bakery (Proprietary) Ltd. (formerly G.K. Bakeries (Proprietary) Ltd.)—a bakery situated in Durban.  
Furthermore, during the period, the company acquired the remaining 50 per cent of the issued share capital of Kosskorff (Proprietary) Limited, which is now a wholly-owned subsidiary.
- Trading conditions remain satisfactory and, subject to unforeseen circumstances, it is anticipated that this state of affairs will be maintained during the six months ending 31st December 1976.

On behalf of the Board,  
R. L. Frankel  
D. O. Beckingham | Directors.

## DECLARATION OF INTERIM DIVIDEND No. 63 — ORDINARY SHARES

NOTICE IS HEREBY GIVEN that an interim dividend (No. 63) of 20 (twenty) cents per share has been declared payable to shareholders registered in the books of the company at the close of business on the 24th day of September 1976.

The dividend is declared in the currency of the Republic of South Africa, and warrants in payment thereof will be posted to shareholders, by the company's transfer secretaries in South Africa and in the United Kingdom, on or about the 4th November 1976.

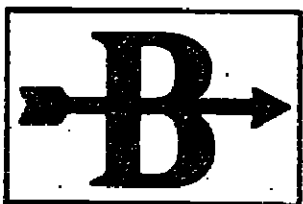
Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 26th October, 1976 of the rand value of their dividends (less appropriate taxes).

The transfer books and registers of members will be closed from the 25th September to the 5th October 1976, both days inclusive.

The effective rate of non-resident shareholders' tax is 15 per cent.

By order of the Board  
C. M. Utian, Secretary  
Transfer Secretaries: — S.A.  
Consolidated Share Registrars, Limited,  
"Libertas",  
62 Marshall Street,  
Johannesburg 2001.  
(P.O. Box 61051, Marshalltown 2107, Transvaal)

United Kingdom:  
Charter Consolidated Limited, Charter House,  
Park Street, Ashford, Kent TN24 8EQ.



# BOFORS

## Aktiebolaget Bofors

US \$ 17,000,000  
Five Year Floating Rate Loan

managed by

Skandinaviska Enskilda Banken  
The First National Bank of Boston

and will be provided by

Skandinaviska Enskilda Banken  
The First National Bank of Boston  
The Bank of New York

Skandinaviska Enskilda Banken  
as agent

June 1976



# The Management Page

EDITED BY JOHN WYLES

Plans exist to run British Shipbuilders with a small central head office, devolving power to the shipyards. JOHN WYLES reports

## Bid to avoid nationalised bureaucracy

THIS MONTH the managing directors of 39 shipbuilding, repairing and marine line building companies will be invited to meet on a plan break away from the central type of organisation which has been the characteristic of most of Britain's shipbuilding companies. The success of the current initiative will determine whether the companies will form British Shipbuilders, whose directors will form one profit centre, or a group of companies, depending on the criteria finally adopted. Shipbuilding companies may find themselves grouped into profit centres according to their location while the marine engine builders, five in all, could conceivably form one profit centre.

The traditional shipbuilding companies — Vickers, Vosper Thornycroft and Yarrow — are keen to be administratively separate from the merchant shipyards. But they may not be treated as one single profit centre because of their size and the complicating factor of Swan Hunter which has a substantial merchant and ship repair order book. Swan Hunter, along with the other major merchant shipyards, looks more likely to be treated as a single profit centre.

Once defined, profit centres will be expected to draw up annual production and budget plans incorporating detailed targets and to report regularly on their performance in relation to these targets. Clearly relations between the profit centres and the head office organisation at British Shipbuilders will be at their most sensitive over the approval and implementation of these strategic plans which are expected to form the basis of the industry's corporate plan.

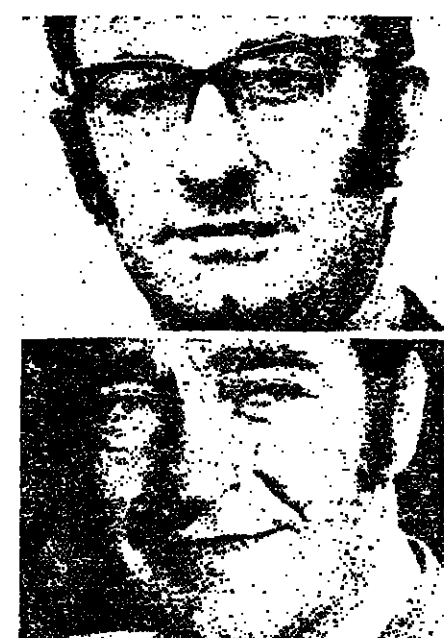
The corporate plan will set out partly to regulate relations between overlapping and competing areas of the business. Marketing and sales are an obvious candidate for such regulation. The shrinking world demand for new ships has already produced one or two examples of competitive bidding between British yards leading to a loss-making contract and elimination of destructive competition will be a high priority after nationalisation.

At the same time, however, Graham Day has stressed that he wants to retain the competitive element "by permitting only one or two yards depending on the strength of a market area, to operate in any one area, and then let the better yards demonstrate its competence within the framework

of a corporate plan. How the pack of 39 companies is then shuffled remains to be seen but a profit centre will either be an individual company or a group of companies, depending on the criteria finally adopted. Shipbuilding companies may find themselves grouped into profit centres according to their location while the marine engine builders, five in all, could conceivably form one profit centre.

The traditional shipbuilding companies — Vickers, Vosper Thornycroft and Yarrow — are keen to be administratively separate from the merchant shipyards. But they may not be treated as one single profit centre because of their size and the complicating factor of Swan Hunter which has a substantial merchant and ship repair order book. Swan Hunter, along with the other major merchant shipyards, looks more likely to be treated as a single profit centre.

Once defined, profit centres will be expected to draw up annual production and budget plans incorporating detailed targets and to report regularly on their performance in relation to these targets. Clearly relations between the profit centres and the head office organisation at British Shipbuilders will be at their most sensitive over the approval and implementation of these strategic plans which are expected to form the basis of the industry's corporate plan.



Chairman-designate of British Shipbuilders is Admiral Sir Anthony Griffin seen here (centre) with members of his organising committee. On the left are the two deputy chairmen: Mr. J. Graham Day (top), who is also chief executive and Mr. Ken Griffin. On the right are the two specialist directors: Mr. Peter Mills (top), in charge of corporate planning; and Mr. Tony Peers in charge of labour relations.



of a corporate plan. How the pack of 39 companies is then shuffled remains to be seen but a profit centre will either be an individual company or a group of companies, depending on the criteria finally adopted. Shipbuilding companies may find themselves grouped into profit centres according to their location while the marine engine builders, five in all, could conceivably form one profit centre.

The traditional shipbuilding companies — Vickers, Vosper Thornycroft and Yarrow — are keen to be administratively separate from the merchant shipyards. But they may not be treated as one single profit centre because of their size and the complicating factor of Swan Hunter which has a substantial merchant and ship repair order book. Swan Hunter, along with the other major merchant shipyards, looks more likely to be treated as a single profit centre.

Once defined, profit centres will be expected to draw up annual production and budget plans incorporating detailed targets and to report regularly on their performance in relation to these targets. Clearly relations between the profit centres and the head office organisation at British Shipbuilders will be at their most sensitive over the approval and implementation of these strategic plans which are expected to form the basis of the industry's corporate plan.

Other factors could seriously challenge the attempt to decentralise shipbuilding's administration. In the forefront is the acute shortage of orders and the fact that some yards' prospects are much worse than others. Problem companies will require, and be given, special attention. But there is a risk that the more the central headquarters involves itself in their problems, the more it will develop an infrastructure with the power, capability and inclination to interfere elsewhere.

Industrial relations may also be a factor in increasing central activity. However the director responsible, Mr. Tony Peers, previously spent four years in charge of industrial relations at the Engineering Employers' Federation and is therefore well versed in the problems of fragmented national and local two-tier bargaining and of dealing with labour problems nationally when individual managements chance their own autonomy. The division of responsibilities between the companies and the centre will to some extent be reflected in a procedure agreement which will be sought with the industry's trade unions. But there is little doubt that the problems associated with the inevitable contraction of the industry's workforce will have to be dealt with by the headquarters and may strain its planned resources to the utmost.

Nevertheless, there will be some strong countervailing forces anxious to defend the structure on which British Shipbuilders will be inaugurated. Most of these will come from the industry's senior managers who are understandably anxious to preserve as many of their prerogatives as possible. The present managing directors of virtually all of the shipbuilding, shiprepairing and marine engine building companies are expected to stay on after nationalisation, although it will be surprising if all are still occupying the same seats after 12 months. As soon as nationalisation became a real possibility the companies, through their Shipbuilders and Repairers National Association, took a strong line on the need for a decentralised structure.

The reasons, not all of which have been publicly stated, are a strange mixture of commercial considerations, personal prejudices, and the insular mentality which characterises shipbuilding and its allied industries. On the commercial front, many of the companies have built up close relationships with domestic and foreign shipping companies which over the years have been a profitable source of business. The shipbuilding and repair yards rightly feel that these contacts would be jeopardised if total responsibility for sales and marketing was handed over to the headquarters.

It will be surprising if some existing commercial contacts are not jealously protected from exposure to the headquarters. It is going to require a tremendous effort for some senior managers to adjust to being part of one single corporation where competition between the units is carefully regulated. Years of intense rivalry between the yards has built up a strong sense of identity within most of the companies which has been an influential motivating force but which has often inhibited effective action as an industry. Naval shipbuilders tend to have distant contacts with merchant shipbuilders who in turn are often less than generous in acknowledging each other's strengths and rather more ready to exaggerate the weaknesses.

Encouraging a corporate sense of identity in a decentralised structure is going to be a difficult and tiresome task for the executive directors of British Shipbuilders. None of them is willing to contemplate failure, but it will be surprising if their initial organisational blueprint survives intact.

### Autonomy

There are however a number of sceptics within the shipbuilding industry who believe proposed structure desirable but doubt whether the central organisation will be able to resist a combination of pressures which could erode the autonomy of the individual units. Nevertheless, the organising committee, headed by its chairman, Admiral Sir Anthony Griffin, and chief executive J. Graham Day will be seeking the approval first of the managing directors, and then of Eric Varley, the Industry Secretary, for a blueprint. This blueprint will define shipbuilding, shiprepairing and marine engineering as a number of "strategic business units" — the name has yet to be decided — which will have large areas of operational independence within the framework

of a corporate plan. How the pack of 39 companies is then shuffled remains to be seen but a profit centre will either be an individual company or a group of companies, depending on the criteria finally adopted. Shipbuilding companies may find themselves grouped into profit centres according to their location while the marine engine builders, five in all, could conceivably form one profit centre.

The traditional shipbuilding companies — Vickers, Vosper Thornycroft and Yarrow — are keen to be administratively separate from the merchant shipyards. But they may not be treated as one single profit centre because of their size and the complicating factor of Swan Hunter which has a substantial merchant and ship repair order book. Swan Hunter, along with the other major merchant shipyards, looks more likely to be treated as a single profit centre.

Once defined, profit centres will be expected to draw up annual production and budget plans incorporating detailed targets and to report regularly on their performance in relation to these targets. Clearly relations between the profit centres and the head office organisation at British Shipbuilders will be at their most sensitive over the approval and implementation of these strategic plans which are expected to form the basis of the industry's corporate plan.

potential customers who are unattracted by the headquarters will be channelled towards particular buildings. Tenders may be monitored by the centre which will almost certainly lay down criteria aimed at eliminating any destructive competition. But, as Graham Day stresses, "we have somehow to live with the process of natural selection."

In the longer term, some yards will be encouraged to concentrate on certain market sectors. A and P. Appledore, a firm of consultants, is currently working on a market study for British Shipbuilders which could eventually contribute to a strategy of concentrating on ship designs which have a high added value and a high labour content. The value of specialisation has been

demonstrated by Austin and Pickersgill. But a vital point stressed time and time again at the 116 meetings the organising committee has held during tours of its bailiwick is that orders will not be directed to yards nor swapped around the industry. This assurance is as vital for customers' peace of mind as for the merchant shipbuilders. A decision, for example, to share

monitor their performance. Other nationalised industries, notably gas and electricity, have started life with a comparable structure and then found themselves succumbing to the pressures of centralisation. None of those planning the new Corporation expect their creation to be free of such pressures. They are, however, determined to resist them. The dogged attitude which prevails

ment's insatiable appetite for information about nationalised industries. "If figures they can hire the staff and they can pay them," typifies the committee's attitude at the moment.

Dozens of nationalised industry chairmen and chief executives have tried and failed over the years to keep Whitehall at a distance and some of

the most spectacular failures in temporary home in the National Enterprise Board's London office has several sources. Two of the key principals, Graham Day and Peter Mills, the designated director of corporate planning, are both Canadians whose main experience of contact with Whitehall comes from their four years running Cammell Laird which is 50 per cent Government owned. As try will not be the only part of Whitehall making demands on the Corporation's headquarters.

This is because relations between naval shipbuilders and the Ministry of Defence have proved increasingly unsatisfactory in recent years. Cost overruns on the naval shipbuilding programme recently brought a sharp rebuke from the House of Commons Public Accounts Committee over the Ministry's

## The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### DATA PROCESSING

**K. design expertise for Japan**

ESYS, the U.K. centre for application of automation to production of detailed plans, common civil engineering architectural structures, has been placed in its manufacturing-independent computer routines in Japan. The company has just signed a four-year agreement with the Japanese technical software organisation Kozo Keikaku Engineering Inc. as a result of this, ESYS will be able to provide the exclusive right to use its GENESYS system in Japan, will provide the basic tool for software development and training of professional engineers in South Italy. GENESYS is at Pennington House, 2, Leamington Street, Loughborough, Leics. LE11 1XA. Loughborough (0509) 39185.

### RESEARCH

**Flexible resin study facility**

RECENTLY COMMISSIONED in the Permuto-Boly process laboratories an ion exchange resin evaluation facility "REF" allows controlled column testing of both anion and cation resins in various regeneration modes. Simultaneous running is possible in orthodox down-flow, packed bed upflow, air hold-down and split-bed techniques. Column controls have been arranged so that personnel can be trained for full-scale ion exchange plant operation. The REF incorporates continuous conductivity recording, automatic shutdown and automatic sampling for total organic carbon, sulphate, silica, etc. Its addition to Permuto-Boly's comprehensive process laboratory facilities will rapidly increase knowledge of resin behaviour under different operating techniques.

Permuto-Boly, 632, London Road, Isleworth, Middlesex TW7 4EZ. 01-880 5199.

### MATERIALS

**U.K. resin technology**

CIBA-GEIGY, New York, is to manufacture and market the Abricht and Wilson range of heat-resistant thermosetting Xylok resins throughout North America under a licensing agreement between the two companies.

The Xylok range consists of two classes: curing by epoxy and hexamine mechanisms, respectively. Xylok-epoxy resins have a greatly enhanced thermal stability over currently used epoxy resin systems and are used in multi-layer printed circuit boards for advanced electronic equipment and with mica paper, Nomex paper and Kapton film, in high performance electrical insulation for railway traction engines, generators and transformers.

Hexamine-cured Xylok resins are used in applications as varied as blades for rotary vacuum compressors, automobile components and lamp capping cements. Of the Xylok range so far introduced in the U.S., Xylok-285C is attracting considerable interest for the manufacture of high performance printed circuit

boards requiring intermediate to short-term high temperature performance up to 200 degrees Centigrade; dimensional stability low axis expansion; low moisture sensitivity; and good electrical properties.

The agreement between the two companies follows a two-year test market of the Xylok range in the U.S. by Ciba-Geigy, who have a long-established international reputation in the field of epoxy resins.

Further details from Albright and Wilson, 1, Knightsbridge Green, London, SW1 7QD or 01-589 6393.

### Lubricates and cleans conveyors

AN AUTOMATIC central lubrication system for conveyors used for bottles, kegs, crates and cans, has been introduced by Joseph Crossfield and Sons, Warrington, Cheshire (0925 31211).

Called Statolock Mk. 2, the system supplies detergent lubricant to single or multi-line complexes from one unit—individual lines can be shut-down for maintenance without affecting the rest of the system.

Three fluids have been developed for use with the system: a single or multi-line complex; a detergent; and a chain lubricant. Two are soap-based lubricants, one for soft and one for hard water. The third is a blend of soap and other materials and is stated to be effective where extra lubricity is required on high speed bottling lines.

### For bright diodes

MATERIAL for light emitting diodes stated to offer "a 30 per cent. increase in minimum brightness level" has been put on the market by the electronics division of Monsanto.

Designated MON-400, it consists of gallium arsenide phosphide on a gallium arsenide substrate and has a minimum specified brightness of 400 foot-candles. The material is also stated to have reduced current requirements for a given light output.

Availability is in wafer or chip form and more data can be obtained from the London office on 01-222 5673.



Glass vessels have an important role in plants producing pure essential oils for flavours and perfumes as there must be no risk of contamination or carry-over of lingering odours after a product batch change. The vessel shown in use here is typical of processing equipment produced by Corning, Process Plant Division, Newcastle Industrial Estate, Tipton, Staffs. B76 1JL. It is made from borosilicate glass and is in use at Bush Boake Allen's plant at Long Melford, Suffolk.

### NORTH SEA OIL

**Diving rig for great depths**

SATURATION diving equipment with the "deepest" abilities so far assembled for use on a North Sea exploration rig is completing pre-commissioning tests at the Aberdeen headquarters of Comex Diving.

Lloyds rated for use to a maximum working depth of 450 metres (1,500 ft.), it will be installed by Comex on board the new BP rig Sea Quest which replaces Sea Quest.

The system, which represents a capital cost of over £1m, is capable of accommodating four divers working in saturation. The number of divers can be extended by adding an additional decompression chamber and life support system and the facility has been designed to accommodate this extended capability if required.

Principal components of the system are a diving bell, wet

### COMPONENTS

**Steam air humidifier**

STEAM AIR humidification equipment for installation in any heating, ventilating or air conditioning duct system, where a steam supply is available, has been introduced by Featon, Garth Road, Morden, Surrey (01-330 2911).

Called the D-50 system, it is stated to be suitable for both new and existing air delivery systems. Maximum output is 50 kg/hr at saturated steam pressures of 0.2 to 4 bar.

for construction

01-995 1313

**Hydraulic relief valve**

USE OF mathematical models and computer-aided detail design to arrive at an optimum internal configuration contribute to the performance of a pilot operated relief valve from the U.S.

Designated Series REV. 16, it has a conventional arrangement of poppet pilot valve and spool main valve and is externally adjustable over a range of pressure settings from 200 to 3,000 psi at an input of 60 gpm. At all settings there is a minimal differential between cracking pressure and full blow-off pressure. The valve is stated to be unaffected by wide fluctuations in flow rate—allowing only a small pressure increase for a big increase in flow.

It can be used normally as a relief valve and several options are available, converting the basic unit into a remote pressure control valve, a sequence valve, or a mechanically or electrically operated dump valve. It is stated to be equally suitable for static or mobile hydraulic applications.

Marketing in the U.K. and Europe is by T. Webster, St. Ives, Cambridge, PE17 4LZ.

**Air-driven table**

A SEALED, air-driven rotary table for surface grinders, fitted with a three-piston motor and able to operate in conditions which could be hazardous for electrical drive (under a stream of coolant, for example) has been developed by Tetroc, 51, Cobham Road, Farnham, Surrey (0252 877411).

The company says that use of the piston motor, which requires air at 80 psi, 4 to 7 cfm, has achieved a 50 per cent. improvement in air consumption compared with the original machine.

Applicable to most makes of vertical spindle grinder, the table has a height of 182 mm., and a diameter of 720 mm. Work is held by a central clamping bolt, or by bolts into the tee slots of the face plate.

The maker says floor-to-floor time to grind a medium-sized automotive flywheel, using the table, is about three minutes.

**MACHINE TOOLS**

**Dimensions at a glance**

TO BE seen for the first time at the forthcoming machine tool exhibition in Birmingham is an electronic volume gauge in which a progressively illuminated stack of neon lamps is used to provide dimensional readings.

Read rather like a mercury thermometer, the unit has 202 elements per column and provides a clear and immediate reading to an accuracy of 0.5 per cent. There can be no parallax errors, and there are no moving parts in the normal sense so that a long maintenance-free life is ensured.

The gauge has inch/metric reading, ten measuring ranges, datum setting controls, built-in tolerance indication and retention of measurements. There are logic level outputs indicating "pass", "fail" and "work in progress" control and analogue recording purposes. All controls except datum adjustments are housed and secured under cover to prevent unauthorised adjustment.

**HANDLING**

**Upgraded reach truck**

TO BE LAUNCHED in the autumn is a range of Saxby reach trucks stated to have an overall improvement in performance of 30 per cent. compared with previous models.

Built in Paris, the trucks are available in 3,000, 3,500 and 4,500 lb. capacities at 24 inch centres, with fork heights up to 315 inches. They are powered by a 36V system and will have an especial role when users need to lift over 1 ton loads above 22 feet.

The French Saxby Company is owned by Oils Elevator, a for material handling, a subsidiary of the U.S. Marketing in the U.K. is through Barlow Mechanical Handling, Airfield Estate, Maidenhead, Berks. SL6 2QN (06282 2151).







The Financial Times Tuesday August 17 1976  
Les Merritt on the call for stricter anti-terrorist laws

# The Army and Mr. Rees

IN the past week has emerged a new catchphrase: "one shot" sniper attacks on military patrols. It is a term which has appeared repeatedly in the columns of the *Irish Times* and the *Irish Independent*, and which, of course, has been taken up by the British press. The accusation is that the Provisional IRA, the Northern Ireland Republican Army, is not doing enough to stamp out terrorism. The introduction of emergency powers with which the British Government has armed the security forces, the argument goes, has been a failure. The IRA, it is claimed, has been able to operate with impunity, and the British Government has been unable to bring it to heel. The IRA, it is claimed, has been able to operate with impunity, and the British Government has been unable to bring it to heel.

The Provisional IRA, according to Army intelligence, has used the last 18 months since it unilaterally declared a "ceasefire" to regroup and reorganise. Its weapons and explosives training has taken place in the near-ideal conditions of the prisoner-of-war-style compounds of Long Kesh—only a reason that the Army is nowdays very sceptical of the benefits of indiscriminate internment. The IRA's "hardcore" personnel of full-timers have been organised into cells, as opposed to the previous para-military hierarchy, so that activists remain ignorant of the overall operational picture and are relatively useless to their interrogators.

In terms of manpower, the IRA has now some 1,000 members, a figure which has risen since the IRA's 1969 heyday. The IRA's "hardcore" personnel of full-timers have been organised into cells, as opposed to the previous para-military hierarchy, so that activists remain ignorant of the overall operational picture and are relatively useless to their interrogators.

Ulster is a crisis that goes in and out of phases and the Army does not want to be seen to be the answer to the "one shot" threat. It is to be seen to be the answer to the "one shot" threat. It is to be seen to be the answer to the "one shot" threat.

On Sunday morning Mr. Rees arranged an unexpected lunchtime meeting to discuss the question with the army GOC at Lisburn, Lt-Gen. Sir David House. There seems little question but that General House was sharply rapped across the knuckles. A statement from Stormont Castle immediately afterwards emphasised: "The GOC is totally satisfied that in no way is he inhibited by political constraints in what he believes to be right in the conduct of operations." More to the point, perhaps, was the rider—the only constraint on the security forces is that they operate within the law.

During his time as Northern Ireland Secretary, Mr. Rees has made no spectacular gains but more important to the British Government, nor has he made any spectacular mistakes. He believes that the only long-term solution to the Northern Ireland problem is the creation of increasingly more normal conditions in which terrorism cannot flourish, and has pushed for a return to the rule of civil law by ending internment and "special category" status in the prisons for political "terrorists". Even if the Convention failed to produce a political, power-sharing settlement, outright civil war has seemed an increasingly remote threat.

All this time Mr. Rees has been treading a tightrope so skillfully that many observers in Belfast wonder if he has not convinced himself it is *terra firma*. His officials at Lancashire, the special department for political security, are in a situation on the shores of Belfast Lough, a new Secretary of State of a different temperament.

If the noises that Mr. Rees has been making before his arrival in Ulster this week are



Rough justice from British soldiers for a youth of the Bogside.

anything to go by, there is now rather more at stake in Westminster political terms than the vindication or otherwise of Mr. Rees's policies. Mr. Neave has made clear his opinion that the bi-partisan relationship between Opposition and Government on Ulster no longer extends to security policy.

In the House of Commons, Mr. Neave has been a vociferous and even angry critic of Mr. Rees's low military profile and of his Sinn Féin talks policy, but the latest statement amounts to a formal declaration that might be the thin edge of the wedge that would destroy bi-partisanship. Mr. Neave's statement was made in an interview on Ireland's RTE state radio service on Sunday, when he repeated his earlier call for a new offence of "terrorism" to be put on the Statute Book and stated that the bi-partisan relationship now only extends to constitutional and political questions. With indefinite direct rule now the only apparent course of

action open to Westminster, as Mr. Neave himself concedes, a Protestant vigilante force to patrol the Province. But out of sight does not mean out of mind when it comes to the 40-odd "loyalist" splinter groups and killer squads, and there remains one temporary for-fotten problem that could easily bring them into the arena.

That is Ulster's desperately weak economy; something even Ulstermen prefer to forget in the intervals between the major factory closures, or threatened closures, which this year have produced a flurry of worry at roughly two-month intervals. There have been forecasts of an 18 per cent unemployment rate by Christmas, getting on for double the present rate, which is in turn almost twice the national U.K. average. Many of the likely victims are the cream of Northern Ireland's Protestant working class, skilled men who see their work as their birthright. Ulster's sectarian war has been almost as much about jobs as theology, and soon many more will have something to fight about.

## Letters to the Editor

### he right to associate

In the General Secretary, *Irish Times*, of Bank Staff Association.

A great deal of publicity is being given to the activities of certain TUC unions who are claiming that the Labour Government has a fresh look at the situation under the Employment Protection Act.

Mr. Booth and Mr. Varley, both of whom have indicated that they would be willing to see a tightening up of current legislation, must be aware that the situation was introduced by this Government and debated at length in the House of Commons.

Mr. Booth and Mr. Varley, both of whom have indicated that they would be willing to see a tightening up of current legislation, must be aware that the situation was introduced by this Government and debated at length in the House of Commons.

What I was pointing out in my letter was the fact that the water board says "this far and no further." No matter how much more you save, we will charge a minimum, which will be based, not on consumption, but on the size of your works.

I accept that minimum charges are necessary, but I am convinced they are too high, and being based on rateable value bear no relation to the amount of water used; large premises with low water consumption pay an unrealistically high figure.

It would seem logical to base the minimum charge on the consumption of water, or as the electricity and gas boards do, fix a minimum charge which will provide an incentive to save. "Save it," is good, but with unrealistic minimum charges, the argument doesn't hold water!

Yours faithfully,  
Burgess Products Company,  
Hinckley, Leicestershire.

Our technical advisers have produced proposals for an investment in a new tanking of 551,211m. for a capacity of 1.8m. tonnes per annum, which would give a saving of £11.38 per tonne HRC over the present Shotton costs. Such savings alone, excluding depreciation, could undertake investment costs in three to four years.

J. E. Atkinson,  
2, Knights Green, Flint.

then why not up his fare, soak up some of his guilt, and change his travel habits? If he values his rail trip at more than the fare (which he must do, otherwise he would not travel) but less than the cost, denying him the chance to go to travel would save more in cost than it would benefit and there would be a net "good thing." One does not have to offer an alternative method of travel—it may be better to have less travel.

While discussing London commuter services, British Railways Board maintaining that a significant proportion of commuters would transfer to private cars, and goes on to talk about a 20 per cent. increase in peak hour car travel. I am not familiar with current congestion on radial routes into London in the peak hour, but I am confident that there is not enough room on such roads in the peak hour for 20 per cent. more cars, and that even if there were, there would be no parking space at the down town end. Thus many of the 20 per cent. would find themselves better off to stay in their trains and pay up.

It remains an inviolable doctrine of economic thought that "thou shalt not exact in excess of the marginal production cost, except as a short term expedient to attract more resources to an industry." Let's not do anything that might attract any more resources to this particular industry! If the economic surplus generated by a railway adopting a marginal cost pricing policy is enough to cover the total (including fixed) costs of that railway then the difference between the revenue from the price levied must come from a levy on beneficiaries who share in the generated surplus but in a non-trip dependent manner. £23 per annum from each household is as good a way as the next.

Ian Thomson,  
Ap. Manzanillo N. 2139/303,  
Santiago de Chile.

### The future of stockbrokers

From Mr. F. Martin.

Sir—Your feature article (Michael Lafferty, August 14) pondering the future of stockbrokers and stockbroking accurately assesses the plight or problems of those of us who continue to populate the Stock Exchange and its environs.

Unattributable "quotes" must inevitably pepper any such article and I raise no objections either to their use or to the anonymous donors' methods of voicing their wayward opinions. I cannot, for prior to the publication of your article I would have thought it inconceivable that any responsible member of the Stock Exchange would predict a general 30 per cent. redundancy rate in staff "over the next year or so," let alone a 50 per cent. rate.

The implementation of either conjecture would mean not that the Stock Exchange would be down to 100 firms in London soon, but that it would be down to 50 or so forthwith and glad to be so.

Such factually unsupportable predictions, apart from undermining essential confidence, leads one to the conclusion that the spokesmen concerned believe in the all-my-rivals-will-go-bust thesis. Disillusionment awaits them!

I must also take issue with the several brokers who saw "little long-term future for a non-specialist middle-sized broking firm." Is there one? If there is I am sure the unfortunate partners' apprehension might be slightly assuaged by a more precise definition of the loose phrase "little long-term future." If this fails to do the trick, my firm will be delighted to take them over. After all, if they are still in business they must be specialised in something apart from bad management.

Our basic freedoms are laudable, but at times one is forced to wonder whether the world and perhaps the Stock Exchange might be a little better off if we had a little less freedom of speech and a little more concentration on the freedoms of thought.

Frank G. Martin,  
Senior Partner,  
Le Mare, Martin and Co.,  
Regina House, 5 Queen Street,  
London, E.C.4.

### Small bus services

From Mr. P. White.

Sir—I was very pleased to see the letter from Mr. Turton (August 10) at Halton, emphasising the benefits to be gained from small-scale urban bus operation. For a number of years I have studied the annual reports of many bus operators, and find that the small, district-council fleets such as that of Halton are consistently the most successful in combining a satisfactory financial performance with relatively little traffic loss.

It is significant that the passenger transport executives, formed to supersede the allegedly outdated municipal undertakings in the major conurbations have generally fared less successfully, despite higher subsidies and other theoretical advantages. Between 1967 and 1973 a sample of small municipal operators displayed a traffic loss of 16 per cent. compared with a loss of 23 per cent. in areas which came under the control of the PTEs from 1969.

Within the National Bus Company, it is more difficult to draw a detailed picture since, as Mr. Turton points out, data for individual companies are not published separately. It has been stated, however, that the only subsidiaries to make a profit in 1975 were two of the smallest in the group—Southern Vectis and Cumberland Motor Services.

P. R. White,  
Senior Lecturer,  
Transport Studies Group,  
The Polytechnic of Central London, 35, Marylebone Road, N.W.1.

### Steelworks at Shotton

From the Chairman, Publicity Committee, Shotton Steelworks Action Committee.

Sir—Your correspondent, Mr. Sir (August 5), in emphasising Port Talbot's "added advantage of an adjacent deep-water harbour" neglects to mention that Shotton has an "added advantage" in Morpeth which, with development, is capable of an annual throughput of 10m. tonnes. Potential exists at Morpeth Terminal for the reception of large bulk carriers—a development which Mersey Docks and Harbour Board is prepared to carry out at no additional cost to British Steel Corporation.

Shotton has no lack of land suitable for any foreseeable type of development—10,000 acres of it! Indeed, a feasibility study of such a plant, including Concast has already been conducted by BSC on a 40-50 acre site lying between the existing blast furnaces and the cold mills, a situation which can scarcely be described as unfavourable. BSC's updated comparison of the costs of hot rolled coil delivered to Shotton from Port Talbot (developed) and HRC Shotton (developed) shows that the difference is 12p per tonne in favour of Shotton.

### Travel by rail

From Mr. I. Thomson.

Sir—I would like to comment on a couple of points made by Sir Richard Marsh in his defence of the railways' claim to an annual £22 subsidy from each household in the kingdom as reported in your issue of July 28. "Forcing passengers off the railways by higher prices would, in many cases, cost more in national expenditure on alternative methods of travel than the amount saved in rail support costs." Regarding this, if the individual concerned values his railway journey at greater than the cost of his rail journey,

## To-day's Events

**GENERAL**  
Central Statistical Office publishes preliminary estimate of gross domestic product based on output data (2nd quarter).  
Mr. Airey Neave, Opposition spokesman on Northern Ireland, continues visit to Ulster.  
**COMPANY RESULTS**  
Nottingham Manufacturing (half-year). Philips Lamps Holdings (half-year). Sedgwick Forbes Holdings (half-year). Transport Development Group (half-year).  
**COMPANY MEETINGS**  
Adda International, Sherlock Holmes Hotel, W. 11.30. Executive Clothes, Leeds, 11.15. London and Midlands Industrials, 20, Portman Square, W. 12. Moorgate Investment, S. Waterloo Place, S.W. 2.20. Paterson (P.), Glasgow, 11.20. Smith Holdings (White, worth), Rochdale, 3.20. Toothill (R. W.), Aycliffe, 12.

**EXHIBITIONS**  
"Printing for Parliament since Caxton's Time," organised jointly by Science Museum and Her Majesty's Stationery Office, Science Museum, Exhibition Road, S.W.7.  
Display of commissioned work by leading British craftsmen and women in Craft Shop and Gallery, Design Centre, Haymarket, S.W.1.  
**MUSIC**  
BBC Symphony Orchestra, conductors Sir Adrian Boult and John Carewe, with Gorygy Pauk (violin) and Paul Crossley (piano), play Berg's Chamber Concerto, Wagner's Siegfried Idyll and Brahms Symphony No. 1 in C minor, Royal Albert Hall, S.W.7, 7.30 p.m.  
**OPERA**  
English National Opera production of The Mastersingers of Nuremberg, Coliseum Theatre, W.C.2, 3.30 p.m.  
**BALLET**  
London Festival Ballet dance Spectre de la Rose, and Giselle, Royal Festival Hall, S.E.1, 7.30 p.m.  
Dance Theatre of Harlem perform *Desire for Stripes*, The Beloved, Mendelssohn's Concerto, Agon, and Fete Noir, Sadler's Wells Theatre, E.C.1, 7.30 p.m.  
**SPORT**  
Cricket: Fifth Test (final day), England v West Indies, the Oval.

# What good are bright ideas if they don't create new wealth?

Britain has an undeserved reputation for conceiving bright ideas and then failing to exploit the opportunities they present. Applause is no substitute for profits. Without profits a nation is unable to generate the investment on which future development, expansion and jobs depend.

At Ferranti we reject the notion of innovation for its own sake. Certainly we are committed to advanced technology—but it must earn its keep. Our current successes include the road traffic control market where we have won six major contracts for computer control systems in the past year. In the control of process plant Ferranti computer systems have dominated for fifteen years. From our Scottish base we are applying existing Ferranti technology to the new problems of the world's toughest oil field. Ferranti digital systems are in almost every Royal Navy ship, Ferranti avionics in almost every RAF aircraft.

We believe that a company applying sound advanced technology can generate first class commercial results. That's the Ferranti philosophy.

# FERRANTI

Selling technology

Ferranti Limited, Hollinwood, Lancashire OL9 7JS



# COMPANY NEWS + COMMENT

## S. Hoffnung tops forecast with £3.85m.

COMPARED with a forecast of not less than £3.8m. made at the time of the one-for-four rights issue last March, S. Hoffnung and Co. has achieved a record pre-tax profit of £3.85m. for the year to March 31, 1976, against £2.85m. for 1974-75. At mid-way profits were just ahead from £1,795,000 to £1,805,000.

The year's profit was struck after net exceptional items of £305,000. Earnings are shown to be up from 3.13p to 12.32p per 25p share. As promised, the final dividend is 2.495p net, on increased capital, bringing the total to 3.785p (3.445p).

The outturn for 1975-76 was unaffected by the rights issue the proceeds of which were received at the year end.

The group operates as wholesale and general merchants, retailers, and manufacturers.

Group turnover	1975-76	1974-75
Profit before tax	3,850,000	2,850,000
Taxation	1,530,000	1,430,000
Net profit	2,320,000	1,420,000
Minority interest	200,000	200,000
Estimated credit	200,000	200,000
Dividends	1,800,000	1,800,000
Pre-tax dividend	1,800,000	1,800,000
Interim dividend	1,800,000	1,800,000
Proposed final	1,800,000	1,800,000
Retained	1,200,000	600,000

### comment

Hoffnung's 1975-76 profits are £3.85m up on the rights issue forecast and almost a third better than the corresponding figures, with virtually all of the pre-tax growth in the second six months. This performance was flattered by comparison with a fairly depressed period and profits were boosted to the extent of around £150,000 by the depreciation of sterling against the Australian dollar. But, trading conditions were improving during the year and 1976-77, which will see the first benefits from the £1.85m. rights issue proceeds, as well as a further boost from the continued weakness of the pound, should keep profits on the upward trend. The yield of 3.8 per cent. at 104p is roughly 1.3 points above the overseas traders' average.

## Expansion by Bridon in the U.S.

Bridon's U.S. subsidiary, Bridon American Corporation has begun a \$US12m. investment programme to back up its increasing involvement in the U.S. wire rope market.

The programme includes a new wire mill at Hanover Township, Pennsylvania, also the location for Bridon American's new headquarters.

In addition to the installation of new machinery at both wire rope plants a new facility for the production of wire rope slings and assemblies will be established at Muncy, Pa. The programme is to be completed by Autumn, 1977.

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Allied Insulators	20	8	Hoffnung (S.)	16	1
Astra Securities	17	4	Kepner Williams	20	5
Beyer Peacock	16	4	Longton Transport	16	3
Birmingham Mint	17	3	Moran (C.)	16	5
Bridon	16	1	Royal Insurance	17	3
Copleys Bank	17	4	SEET	17	4
Danks Gowerton	16	7	Thomas Plywood	20	8
Delta-Lloyd	16	6	Trevellick Hldgs.	20	1
Ellis and Everard	16	2	Turner (W. and E.)	17	3
Fraser Ansbacher	16	6	Vibroplant Hldgs.	16	5
			Wolf Electric Tools	16	8

## Ellis & Everard recovery

FOR THE year ended April 30, 1976, pre-tax profits of Ellis and Everard recovered to £1.06m., compared with £864,472 in the previous year and £1.09m. in 1973-74.

Basic earnings per share are 5.2p (5.1p) and 5.1p fully diluted. Treasury per share has been obtained for a net final dividend of 3.5p (1.75p) making a total of 8p against 5p.

The group's chemical division achieved sales of £10.5m. compared with £7.5m. and trading profits of £793,000 against £519,000 previously. To boost the division's overseas sales a special exports department was set up in May of this year.

Progress was shown by the building supplies division, which raised sales from £17.3m. to £20.9m. and trading profits to £237,000 compared with an £18,000 loss, despite the building industry remaining in the doldrums throughout the financial year.

The division's cash flow was assisted by securing a significantly higher proportion of cash sales as distinct from credit transactions in its branches.

Chairman Mr. Anthony Everard says that although the current financial year looks like being difficult for the national economy, the group plans to increase its market share through greater efficiency and better facilities.

The chemical division plans further profitable development and the building supplies division has produced a share increase on the back of improved trading by

normal levels of trading, although this return may be some way off, the chairman adds.

### comment

Ellis and Everard continued to widen its share of both the building supplies and chemical products markets. The former reflects increased concentration on the DIY trade (hence the higher proportion of cash sales last year), while the latter owes a good deal to the group's continuing specialisation in the smaller end of the trade which larger chemical manufacturers are apparently unwilling to handle. The group also benefited from a £400,000 expansion programme last year, with new branches and an export division. It could be some time before this really pays off but the group is still looking for growth in the current year and a yield of 8.3 per cent. seems to provide a sound enough backing for the shares at 96p.

## Longton second half upturn

AFTER BEING down from £373,942 to £275,796 at mid-way, the profit of Longton Transport (Holdings) improved from £322,244 to £760,380 in the year to March 31, 1976. Turnover rose from £18.7m. to £18.87m. in the 12 months.

At half-way the directors said that the outlook for the group was much brighter and they expected results for the second half to exceed those of the first. Yearly earnings per 25p share are shown at 10p (9.4p) and fully diluted at 8.3p (5.3p). The final dividend is 2.965p net for a 3.0985p (2.338075p) total.

Tax takes £358,585 (£354,745) leaving the net balance at £401,495 (£377,490).

### comment

After Longton's interim setback, when pre-tax profits fell by more than a quarter, the second half has produced a share increase on the back of improved trading by

the steel stockholding division. For the year stockholding profits were down by a tenth, and overall group pre-tax profits are higher by 4 per cent. thanks to the road transport division, which returned a 25 per cent. jump in profits to £296,000. Having turned the corner, Longton is very optimistic for the current year because of the improved profitability from stockholding now that demand is recovering. It may be setting its sights on a recovery to the £600,000 profit of 1973-74, though interest charges are biting into this performance with a figure of £445,000 (£317,000) for last year and borrowings now up to £5.1m. against shareholders' funds of £3.3m. at mid-way. Still, the shares at 96p offer a 1.5 per cent. yield covered twice by fully diluted earnings, while the p/e is only 4.9.

## £1.1m. from Beyer Peacock

RESULTS for the 33 weeks to April 4, 1976 of Beyer Peacock and Co. show an increase from £1.1m. to £2.5m. in the dividend, with the payment of £22,000 (nil) to a director as compensation for loss of office. At mid-way profits were £30,740 after the compensation payment, compared with £22,525.

Earnings for the 33 weeks are shown at 1.43p (0.722p) before extraordinary dividends. The dividend is stepped up from 0.183p to 1.355p net per 5p share.

The extraordinary item for 1975-76 consists of a further provision following the closure of Richard Garrett's Spanish operation early in 1974. It is not expected that any further provisions will be necessary.

Profits before tax for the first quarter of 1976-77 were £205,000. Comparable figures are not available.

In the light of first quarter results, the directors intend to restore the interim dividend, payable in January, 1977. The total gross dividend paid for the first quarter will be 2.5p per share, a 19 per cent. increase over 1975-76. The Treasury has given consent to the increase.

### comment

Beyer Peacock's shareholders are faced with a difficult decision. The rejection of the 25p bid from National Chemical Industries which values shares at 22p, and the fact that the company's net worth is under-estimated, also the jump in last year's dividend, for a yield of 34 per cent. at yesterday's price of 26p, are the promise of 50 per cent. in the current year, the group's confidence in further growth. The question is, how much of that growth is dependent on the sale of the National Chemical Industries? Last year these accounted for around 9 per cent. of turnover, a proportion that seems certain to rise substantially. Indeed, of the 22m. turnover for the first quarter, more than half must be attributable to NCI. Shareholders must make their decision without knowing what effect the rejection of the bid would have on NCI's plans to place further orders with the group. They may also wish to ponder the fact that the 740 per cent. hike in last year's dividend (barely covered before extraordinary items) followed the passing of the interim dividend which was passed "in view of the importance to conserve cash resources". However, it is also worth bearing in mind that NCI, which has bought a near-40 per cent. stake in the company, is unlikely to take any action which may be seriously detrimental to it.

## Oceana Consd.

Pre-tax profits of Oceana Consolidated were little changed at £59,000, compared with £58,404 in the year ended March 31, 1976, and earnings per share amounted to 2.76p (2.73p).

After tax of £21,487 (£21,579), and minorities, the net attributable balance emerged at £37,553 compared with £37,130.

The dividend is raised from 3.5 per cent. to 3.55 per cent. net, the maximum permitted.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding payment	Total for year	Total for year
Allied Insulators	1.5	Oct. 7	0.8	1.3	1.3
Beyer Peacock	1.37	Sept. 1	0.16	1.27	0.16
Bradstone Trust	1.2	Oct. 4	0.24	1.2	0.24
Danks Gowerton	1.42	Sept. 10	1.42	2.92	1.55
Ellis and Everard	3.5	Oct. 1	1.75	5	3
English & NY Trust	0.9	Oct. 1	0.8	1.7	1.9
Geover Tin Mines	5	Oct. 20	5	5	12
S. Hoffnung	2.44	Oct. 20	2.2	2.79	3.45
Impulse Studios	2.24	Oct. 1	1.5	3.79	3.5
Kepner Williams	2.1	Oct. 5	NH	0.1	1.1
Longton Transport	2.3	Jan. 4	2.04	3.1	2.84
Royal Insurance	0.58	Jan. 4	0.3	—	13.39
SEET	1.5	Oct. 5	0.3	0.9	0.3
Thomas Plywood	1.53	Oct. 5	1.6	2.53	2.5
W. and E. Turner	0.47	Oct. 1	0.45	0.45	1.42
Vibroplant	5.53	Oct. 1	5.05	9.1	8.56

Dividends shown pence per share net except where otherwise stated. (a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) Total of 2.1p for cast. (d) SA cents throughout. (e) Total of 3.5p forecast.

## Marginal rise at Vibroplant

LITTLE CHANGE in pre-tax profit, with £1.76m. against £1.7m. reported by plant hire specialists, Vibroplant Holdings, for the year to March 31, 1976. At half-way the figure was £0.91m. compared with £0.80m.

Earnings for the year per 25p share are 1.35p (1.34p) and a final dividend payment of 3.525p net raises the total from 8.55p to 9.1p.

Group turnover	1975-76	1974-75
Profit before tax	1,760,000	1,700,000
Taxation	1,720,000	1,680,000
Net profit	40,000	20,000
Minority interest	10,000	10,000
Estimated credit	10,000	10,000
Dividends	8,550,000	8,550,000
Pre-tax dividend	8,550,000	8,550,000
Interim dividend	8,550,000	8,550,000
Proposed final	8,550,000	8,550,000
Retained	8,550,000	8,550,000

### comment

Vibroplant's 4 per cent. rise in turnover is due to inflation and the newly-started Airpac Rentals. Airpac has proved a successful attempt to move away from construction hire into a more profitable area of activity in which losses have occurred, particularly in property investment and the directors intend to continue this course of action, the chairman adds.

Mr. Joseph says activity in the banking, corporate finance and investment management departments of the group has been increased, and steps have been taken to contain the losses in Eastwood Leisure Holdings.

There will be a continuing loss in the area of Ansbacher's, but the directors believe a recovery in the property markets, here and in Paris, has commenced and they will continue to take appropriate opportunities to dispose of the group's remaining property investment.

For the 13 months ended April 30, 1976, the group reported a loss of £405,917 compared with a profit for the preceding year of £463,498.

Specific provisions which are of a capital nature amounting to £1.4m. have been established and are reflected in the accounts. In addition, a general provision of £750,000 has been established to cover any further diminution in the value of the non-banking investments.

Substantial holdings in the group include. Associated Metals and Minerals Corporation with 25.15 per cent., Grand Metropolitan, 15.68 per cent. and Montrose, a wholly owned subsidiary of Glitpur, 13.21 per cent.

Grand Metropolitan, Montrose and Mr. Joseph have agreed to sell their shares in October 31, 1976, a total of 7.5m. shares to purchasers acceptable to the directors of the company. Pending completion of the sale of these shares the voting rights attached thereto will not be exercised. Mr. F. R. Welsh, a director of Fraser Ansbacher, proposes to acquire up to 1.5m. of these shares.

Meeting, 1, London Wall, E.C., on September 9, at noon.

## Progress by Copleys Bank

Profits of Copleys Bank advanced from £53,796 to £104,532 in the year to March 31, 1976, before a provision for group tax of £23,880 (£17,783) and tax of £27,444 (£24,407), a dividend of 3.5p (2.128p) has been paid.

The directors find the growth in current and small to medium sized deposit accounts especially gratifying. Appropriate opportunities have been taken to increase lending, consistent with maintaining a high degree of liquidity.

Although the value of the personal loan portfolio remains virtually unchanged, the volume of new business accelerated in the second half but was counterbalanced by the maturity of past loans. The Corporate Finance Advisory Service, which has contributed and work in hand at the year-end was considerably £15,600m.

## HAT GROUP

LIMITED  
Specialist services to the construction industry

Record profits again achieved  
Results for 12 months to 29th February:

	1976	1975
Turnover	54,102	44,705
Profit before tax	3,002	2,616
Taxation	1,137	817
Profit available for appropriation	2,000	1,788
Profit retained	1,538	1,489
Earnings per 10p ordinary share	7.4p	7.1p

In his annual report to shareholders the Chairman Mr. A. C. V. Telling says: "Our Profit before tax in excess of £3,000,000 is once again an all time record. Moreover a record at a time when the Construction Industry generally is in the doldrums, and suffering noticeably a sharp decline in demand. In spite of many increases in dividends our retained profit over the last four years has remained at approximately 50% of the profit before tax.

We are financially poised to expand our present businesses and to acquire new ones. Our current order books are greater than ever.

Copies of the annual report may be obtained from The Secretary, HAT Group Limited, Barley Wood, Winstanley, Essex SS16 7SA.

### ISSUE NEWS

## Islington—£15m. of 13½% stock 1982

Application lists open on Thursday for an issue of £15m. of 13½% stock 1982, by the Islington Corporation. The issue is priced at 289p per cent.

The stock is payable as to £10 per cent. on application with £40 due on October 1 and the balance of £491 due on November 28.

Interest on the stock will be payable half-yearly on May 15 and November 15. The first payment of £7,453 per cent. gross will be made on May 15, 1977. At the issue price the grossed up running and redemption yields are 13.568 per cent.

See Lex

## Continued headway at Danks Gowerton

WITH PRE-TAX profits up from £1.1m. to £2.5m. in the year to March 31, 1976, Danks Gowerton, the chairman of Danks Gowerton, explains that the major factor in achieving the results has been the substantial increase in turnover over the engineering division.

The prospects of maintaining the year under review rose from 10.54p to 11.28p and the dividend total is lifted from 1.55p to 2.128p with a final payment of 1.421875p.

The chairman reports that sales of the steel division for the first quarter of the current year are ahead 80 per cent. and the South Wales works is well placed to take full advantage of an upturn in the economy in the second half. However, margins will remain depressed until demand is sustained.

Mr. Roe has sufficient confidence in the strength of the group, to justify the formation of four new subsidiaries. The directors are of the opinion that the group's contribution of the newly formed companies during the coming year will not materially affect profits, and with the additional finance made available the period of development should not be to the detriment of the performance of the existing engineering and steel divisions.

At July 20 Industrial and Commercial Finance Corporation held 12.9 per cent. of the company. Meeting, Dudley, on September 9 at 11 a.m.

See comment

The 37 per cent. growth at Danks Gowerton has not come through to earnings, which have risen by only 10 per cent. The steel division has suffered from foreign competition which has kept prices and, therefore, margins down. The engineering division has benefited from continued strong demand for specialised equipment in the oil, gas and petrochemical industries. Exports have risen by 173 per cent. but still account for only 9 per cent. of turnover.

The chairman's statement is cautious, but the groundwork to take advantage of economic recovery has been laid with new services, products and factory space. The new steel works, at the site of the old, at 41p, is covered a comfortable 5.4 times.

English & NY Trust

Net earnings for the Ordinary stock of the English and New York Trust Company increased from £401,428 to £443,572 in the first six months of 1976 equal to 1.18p against 1.1p per 25p stock.

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

## First half advance by Wolf Tool

IN THE first half of 1976, sales of Wolf Electric Tools (Ings) rose from £3.5m. to £4.5m. and profits expanded from £0.9m. to £1.5m. before tax, compared with £0.44m.

The chairman Mr. G. W. says that with half-year volume in line with forecast, growing confidence in the market, targets set for 1976 be met. While the rapid rise in profits by overseas subsidiaries in recent years has out, the group results show a steady increase in 1976 profits reached £1.5m.

The 13.5 per cent. first dividend included a 1 cent. contribution to the rise in profits. Most of this contributed towards the increase in the value of overseas subsidiaries in terms of devalued sterling, the surplus on the sale of assets, property, these items approximately £200,000 at J-exchange rates.

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment

See comment







## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Kloekner planning DM137m. acquisition from Flick

BY GUY HAWTHIN

FRANKFURT, August 16.

KLOECKNER-WERKE to-day announced a deal that will make it West Germany's third largest steelmaker. It plans to acquire a 51 per cent. majority in Eisenwerk-Gesellschaft Maximilianhütte from the Flick Group. The deal, worth an estimated DM137m. (£30.1m.), is to go through on January 1 next year. At the same time, the Duisburg-based steelmaking and processing concern will be given an option, open until January 1, 1979, to acquire the remaining 49 per cent. Flick holding for a future DM132m. (£29m.).

Details of these proposals drawn up by the two executive boards have been laid before the supervisory body of both concerns. Furthermore the takeover will need the approval of both the EEC Commission and the West German Federal Cartel Office in Berlin. Thus, however, it is seen as no great problem.

A spokesman for the Flick Group to-day described the deal as being part of the "rearrangement of the Flick wardrobe." As for the sale of its holdings in Daimler-Benz to the Deutsche Bank, he said the sale would be reinvested in industry. Undoubtedly the sale makes strong sense to the Flick group.

The steel industry in West Germany—and all over the world—has been having a thin time of late with low demand and wide spread over-capacity. If no sales had been forthcoming, Flick would have had to bear the entire investment burden, to equip "Maxhütte" for the next decade.

While it can be argued that the take-over will make the long-term future of "Maxhütte" more secure through increasing its market potential and improving export prospects, the implications for its labour force of 7,500 are still unclear. However, it has been stated that plans to cut back the work force by 1,000 men will not be affected.

Group's shares, the deal holds a number of attractions. For a start, it will make the Federal Republic's third largest steel producer with a work force of 30,000 and an external turnover of DM6bn. (£1.32bn.). However, its output of 6m. tonnes of crude steel and 6.6m. tonnes of rolled steel will still leave it a good way behind the Thyssen Group and Hoehsch-Estal.

If the proposal goes through "Maxhütte" located in Sülzbach-Rosenburg, will give Kloekner an important foothold in the South German production area. It will also bring with it "Maxhütte's" own iron ore deposits, which have reserves sufficient for a further 20 years. These are estimated to supply between 35 per cent. and 40 per cent. of "Maxhütte's" total needs.

The addition of the steelworks to Kloekner's productive range will also mean an important increase in Kloekner's production range. It will add products in the steel profile sector, electrical steel sheets and seamless tubes, whilst production potential in the field of thin metal plate and steel bars will be substantially increased.

## Gelsenberg losses reduced

ESSEN, August 16.

GELSENBERG said in a letter to shareholders that trading improved in the first half of 1976 compared with the same period last year but the company is still loss-making.

The company, which is active in petroleum exploration and production as well as nuclear energy projects, previously reported an operating loss of DM100m. in the 1975 first half. Figures were not given for first half 1976 results. Gelsenberg had 96.1 per cent. owned by Veba, the 43.7 per cent. Federal Government owned oil and energy concern, and is being integrated into the Veba organisation.

Gelsenberg said its external turnover, excluding petroleum tax, in the first half declined 55 per cent. to DM600m. from DM1.4bn. in the same period last year.

The formal fusion of Gelsenberg into Veba has been delayed by a court action initiated by the German Protection Association for Securities Ownership (Deutscher Schutzvereinigung für Wertpapierbesitz), which contends that Veba's offer to remaining independent Gelsenberg shareholders is inadequate.

Gelsenberg said an appeal against this action would be taken directly to the supreme court at Karlsruhe.

GHEM Gasehofnungshütte Aktienvereine, the large West German machine maker, said that according to preliminary figures its domestic group had sales of DM10.9bn. in the fiscal year ended June 30, up 10.2 per cent. from the previous year's DM9.9bn.

Earnings have, reportedly, improved. The parent company's earnings during the past fiscal year consisted essentially of dividends paid by its subsidiaries from the previous fiscal year, ending June 30, 1975, so that the earnings improvement in the past year would first be reflected in the parent company's report for the coming fiscal year.

But the GHEM management allowed it to recommend an unchanged 14 per cent. dividend on a share capital of DM362.8m. In the previous year, GHEM paid a 14 per cent. dividend on a share capital of DM232m.

Of total sales in the past fiscal year, DM4.5bn., or 44.2 per cent., represented export sales. This marked a 23.9 per cent. increase from DM3.6bn. in the previous year when exports made up 39.4 per cent. of total sales. Domestic sales were up 1.3 per cent. to DM6.1bn.

Order inflow for the fiscal year totalled DM11.6bn., significantly above sales for the year but 2.5 per cent. below the DM11.9bn. of orders received in the previous fiscal year.

Foreign orders were up 10.3 per cent. to DM5.7bn., or 49.6 per cent. of total orders against 43.5 per cent. in the previous year. Domestic orders declined 12.6 per cent. to DM5.8bn.

AP-DJ

## Sydvaranger and Korf agree DM400m. iron ore plant

BY NICHOLAS COLCHESTER

BONN, August 16.

SYDVARANGER, the Norwegian iron ore producer, and the Korf Group of West Germany are to co-operate in the construction of a DM400m. direct reduction plant sited near Emden. The final agreements have yet to be signed but a Korf director, Carl-Theodor Meinecke, confirmed to-day that the project is now a virtual certainty.

The State-controlled Norwegian company will have a 49.9 per cent. share in the plant, which will use the Midrex direct reduction process to turn iron ore into iron. Korf will supply the necessary technology. Sydvaranger's contribution will be natural gas to fuel the plant bought from the Norwegian Government. The plant should make the output price-competitive.

According to an analysis of the project in the latest edition of the German magazine, Spiegel, Herr Willy Korf, a successful newcomer to the West German steel business, had tried to set up the Emden plant in co-operation with the steel company, Hoehsch. This attempt failed after long negotiations with Ruhrstahl, West Germany's largest natural gas distributor, had not arrived at a final price that would have made the reduction plant a business success.

Hoehsch pulled out of the discussions, and Korf turned to Sydvaranger which had already asked Korf for the know-how needed to build an iron plant on the Norwegian island of Stavaranger. Because of its relationship with the Norwegian Government, Sydvaranger was able to buy gas from the Ekofisk field in the North Sea and make it available to the Emden plant at a price below that offered by Ruhrstahl. The Norwegian Government takes this gas as a royalty payment from companies operating in the Ekofisk field.

The Korf-Sydvaranger deal will add substance to the talks on co-operation in the energy and industry fields which the West German Economics Minister, Hans Friderichs, will hold with his Norwegian counterpart, in Oslo at the end of this week.

## Mexico aims for \$150m. more

BY MARY CAMPBELL

HARD on the heels of the Nacional Financiera (Nafinsa) big Euromarket financing, which was signed yesterday, a \$150m. loan for another Mexican public sector borrower has been launched.

The borrower in the case of the new loan is Financiera Nacional Azucarera (Finasa), the 98 per cent. state-owned financing arm for the sugar industry.

The new loan, for which Bank of America is the lead manager, is for a five year maturity with a grace period of 2½ years. It is reported to offer a spread of 1½ per cent. with participation fees ranging from 3 to 11-16ths per cent.

These terms are rather different from those of the previous loan, for Nafinsa, for which Libra and Morgan Guaranty were joint lead managers. The Nafinsa loan is in two tranches. One is between \$80m. and \$40m. for five years (with no grace period) and will pay a fixed rate of 13 per cent. over the five-year LIBOR.

## Better Wilhelmssen results

BY FAY GJESTER

OSLO, August 16.

WILHELMSENSEN, Norway's largest shipping group, predicts in its half-year report that overall results for 1976 will be better than last year's, despite an anticipated slight fall in freight earnings from the 1975 figure of Kr1.7bn. gross.

The improvement will largely reflect income from sales of shares and four of the group's ships. Liquidity is good, and all the group's workers on sea and on land are fully employed.

The report says results from liner operations are likely to be somewhat poorer than last year, though good earnings in some areas of the world will partly offset this. In other words, lines to America have been most affected by the weaker trend, and turnaround delays have been a problem on lines serving the Persian Gulf.

## Hutchison S. moves in on O'Connor

By Our Own Correspondent

SINGAPORE, August 16.

HUTCHISON International Singapore, a wholly-owned subsidiary of the Hong Kong-based trading group, Hutchison International, is making a bid for the whole of the issued capital of H. A. O'Connor, a Singapore-based trading company.

Hutchison is the third major company making a bid for O'Connor over the past three months. Cycle and carriage was the first to attempt a takeover but its bid of \$50 per share was unsuccessful. Wearne Brothers was the next company to bid for O'Connor's capital. Wearne's offer of \$105 per share has still not lapsed but Hutchison's latest move suggests that Hutchison is the favourite to win.

Hutchison, which at present has no shares in O'Connor, is proposing an offer of \$110 per share in cash. The proposed offer is conditional on Hutchison receiving acceptances of at least 51 per cent. of the entire 75,000 shares in O'Connor.

O'Connor which is owned by British and local interests trades in photographic equipment, television and film equipment, electrical goods, and installation of telecommunications equipment, medical, dental and other consumer goods.

## French electrical sales increase

BY RUPERT CORNWELL

PARIS, August

A VERY cheerful batch of first half figures has come in from the leading French electrical companies, confirming earlier predictions that the year would show a "distinct improvement" from the somewhat flat 1975.

The results themselves are, in keeping with French practice, the bare minimum to satisfy current Bourse requirements. They give scant breakdown, and contain no details of earnings, consolidated or otherwise, which will probably not be available until next month at the earliest.

The largest of them, Compagnie d'Electricité (GCE) has reported a 17.5 per cent. jump in first half group turnover to Frs.9.3bn. (£1.05bn.). Just six weeks ago the GCE president, M. Ambroise Roux, had told shareholders that for the full year the improvement might be of 15 per cent. coupled with a "substantial" rise in consolidated income.

A smaller rise has been announced by GCE's heavy electrical subsidiary, Alsthom, which is merging with the diversified shipping concern, Chateaux de l'Atlantique — from Frs.2.42bn. to Frs.2.74bn. in the first six months of 1976.

Alcatel, the group's telecommunications affiliate, has reported a jump of 23 per cent. to Frs. (€155m.), underlining the importance which M. attaches to the sector.

The other dominant group, Thomson-Brandt, has reported a 12 per cent. jump from 1975, at Frs.2.7bn. (€3.1bn.) on a consolidated basis—a total does not include sales from LMT (formerly subsidiary of ITT) and France, the two phone companies acquired by them last year. The group's sophisticated trunks and weaponry turned in a 23 per cent. rise to Frs.2.4bn.

Finally, La Téléphonie Electricité has reported months sales of Frs.614m. from Frs.544m. in the first six months of 1976.

## Boliden forecasts recovery after losses in 1975

BY JOHN WALKER

STOCKHOLM, August

AN UPWARD adjustment of the pre-tax profit is forecast by Boliden, the Swedish metals and chemicals group, in their interim report for the first six months of this year. Expected actual loss of Kr.32m. for the whole of 1975, the company expect that this year there will be a profit amounting to Kr.69m. (\$36m.). The pre-tax profit for the first half of this year amounted to Kr.54m. (\$35m.), compared with Kr.52m. for the same period last year.

Group sales during the first half of this year amounted to Kr.1.1bn. in the same period in 1975. Group sales for the estimated group operation whole of 1975 are forecast by Kr.1.14m. to a Kr.2.4bn.

In the first half of the year earnings kept the general economic up report states. But, the company expects that for the year whole is still considered a sharp decline price of gold has reacted on earnings.

Last year the company fell to the lowest ever, compared with the highest recorded in same period last year.

Even though a slower growth for the second half of this year cannot be ruled out, with reports, there are gro Kr.1.1bn. in the same period an upward adjustment in 1975. Group sales for the estimated group operation

## Amatil borrows \$A10m

BY JAMES FORTH

SYDNEY, Aug

ALLIED Manufacturing and James Hardie were off Trading Industries plans to raise per cent. to 13.5 per cent. \$A10m. from shareholders and medium terms funds noteholders with a debenture industrial borrower was issue.

The tobacco, food and packaging group is offering a top rate of 11.4 per cent. for 15 years which is well below the rates in previous industrial fixed interest issues. The other rates offered are 10.7 per cent. for six years, 10.5 per cent. for eight years and 11.3 per cent. for 10 years.

Interest rates have been sliding for some months. At the start of the year solid industrials such as Swan Breweries, Toohey's and others were offering 13.5 per cent.

## EMPRESA NACIONAL DEL PETROLEO, S.A. (ENPETROL)

U.S. \$35,000,000

5 YEAR TERM LOAN

MANAGED BY

CHASE MANHATTAN LIMITED

CREDIT LYONNAIS

LLOYDS BANK INTERNATIONAL LIMITED

CO-MANAGED BY

BARCLAYS BANK INTERNATIONAL LIMITED

CROCKER NATIONAL BANK

FIRST NATIONAL BANK IN DALLAS

PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.  
CREDIT LYONNAIS  
LLOYDS BANK INTERNATIONAL LIMITED  
BARCLAYS BANK INTERNATIONAL LIMITED  
CROCKER NATIONAL BANK  
FIRST NATIONAL BANK IN DALLAS

BANK OF MONTREAL  
MIDLAND BANK LIMITED  
TORONTO DOMINION BANK  
TEXAS COMMERCE BANK  
MIDLAND & INTERNATIONAL BANKS LIMITED

PAYING AGENTS

BANK OF LONDON  
& SOUTH AMERICA LIMITED  
CREDIT LYONNAIS

AGENT

THE CHASE MANHATTAN BANK, N.A.

JULY 1976

## U.S. COMPANIES

## Mixed trends for second quarter profits

FINANCIAL TIMES REPORTER

SECOND QUARTER profits of U.S. corporations rose 30 per cent. over the same period a year ago, but showed little improvement over this year's first quarter, a new Citibank survey reports.

Earnings of the 1,694 firms reported to date totalled \$16.8bn. Significantly, this same group of corporations reported first-quarter profits averaging 41 per cent. higher than a year earlier.

Reporting in the bank's August economic letter, economists say reported increases of 137 per cent. over the same period.

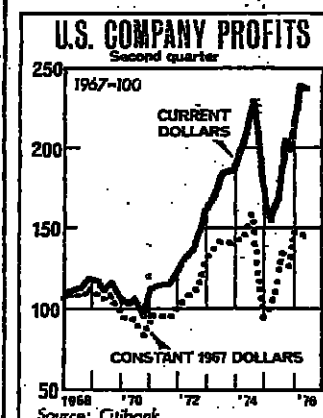
The glass, cement and building materials industry posted gains of 67 per cent. on a year-to-year basis while electrical equipment and electronics firms and apparel manufacturers showed gains of 53 per cent. and 59 per cent. respectively over the same period last year.

Smaller gains were registered by non-electrical machinery producers and drug and tobacco companies, all having had strong profits in early 1975. Airlines and railroads made strong comebacks over last year while the mining industry barely matched its year-earlier performance.

Citibank economists note that second quarter 1976 profit experience should not be regarded as a significant setback to the business recovery. Easy gains in earnings such as those experienced in recent months are over, they say.

Future improvements in profit margins will involve close attention to costs, and improvements in the dollar volume of profits will be more in line with what happens to sales.

Just as the economy in the second quarter was settling down to a more sustainable rate of growth, the Citibank economists say, so are profits pausing before resuming a steady, though less spectacular, advance in the year ahead.



Phillips Petroleum's net income this year will be up 20-25 per cent. from \$342.6m. (or \$4.56 a share) in 1975. Robert Sears, per cent. from 62 per cent. in the first quarter.

With the exception of the rubber industry, which has been affected by a protracted strike, all 22 manufacturing industries in the survey reported profits higher \$187.1m. from \$165.9m. a year than a year before. As Citibank economists have cautioned, however, the size of this year's gains may only reflect how poorly the industry was doing a year ago.

Examples of this phenomenon are the auto and textile industries. Profits in the auto industry were up 245 per cent. higher than in the second quarter of 1976 while the textile industry foreign and U.S. taxes, higher

## Phillips Petrol sees 1976 profits well ahead

GENEVA, August 16.

PHILLIPS Petroleum's net income this year will be up 20-25 per cent. from \$342.6m. (or \$4.56 a share) in 1975. Robert Sears, per cent. from 62 per cent. in the first quarter.

With the exception of the rubber industry, which has been affected by a protracted strike, all 22 manufacturing industries in the survey reported profits higher \$187.1m. from \$165.9m. a year than a year before. As Citibank economists have cautioned, however, the size of this year's gains may only reflect how poorly the industry was doing a year ago.

Examples of this phenomenon are the auto and textile industries. Profits in the auto industry were up 245 per cent. higher than in the second quarter of 1976 while the textile industry foreign and U.S. taxes, higher

## Second bid for Richmond Corp.

NEW YORK, August 16.

RICHMOND Corporation, a holding company with the life insurance company of Virginia as its major subsidiary, has received its second bid in two months, this time from U.S. Fidelity and Guaranty, tenth largest in premium volume among U.S. insurance companies.

The first bid came in July from Continental Group (formerly Continental Can) — a leading producer of metal cans. Terms of the new bid are not yet available, but they are likely to exceed "significantly" those of Continental (\$230m.).

Meanwhile Continental remains interested, and is still in the running. Such an acquisition would represent a considerable diversification for Continental, the principal reason for the

## SELECTED EURODOLLAR BOND PRICE MID-DAY INDICATIONS

STRAIGHTS	Other	Source	White World Securities
Alcan 4 1/2% 1986	101	101	101
Amstar 4 1/2% 1983	101	101	101
Amstar 4 1/2% 1986	101	101	101
Amstar 4 1/2% 1989	101	101	101
Amstar 4 1/2% 1992	101	101	101
Amstar 4 1/2% 1995	101	101	101
Amstar 4 1/2% 1998	101	101	101
Amstar 4 1/2% 2001	101	101	101
Amstar 4 1/2% 2004	101	101	101
Amstar 4 1/2% 2007	101	101	101
Amstar 4 1/2% 2010	101	101	101
Amstar 4 1/2% 2013	101	101	101
Amstar 4 1/2% 2016	101	101	101
Amstar 4 1/2% 2019	101	101	101
Amstar 4 1/2% 2022	101	101	101
Amstar 4 1/2% 2025	101	101	101
Amstar 4 1/2% 2028	101	101	101
Amstar 4 1/2% 2031	101	101	101
Amstar 4 1/2% 2034	101	101	101
Amstar 4 1/2% 2037	101	101	101
Amstar 4 1/2% 2040	101	101	101
Amstar 4 1/2% 2043	101	101	101
Amstar 4 1/2% 2046	101	101	101
Amstar 4 1/2% 2049	101	101	101
Amstar 4 1/2% 2052	101	101	101
Amstar 4 1/2% 2055	101	101	101
Amstar 4 1/2% 2058	101	101	101
Amstar 4 1/2% 2061	101	101	101
Amstar 4 1/2% 2064	101	101	101
Amstar 4 1/2% 2067	101	101	101
Amstar 4 1/2% 2070	101	101	101
Amstar 4 1/2% 2073	101	101	101
Amstar 4 1/2% 2076	101	101	101
Amstar 4 1/2% 2079	101	101	101
Amstar 4 1/2% 2082	101	101	101
Amstar 4 1/2% 2085	101	101	101
Amstar 4 1/2% 2088	101	101	101
Amstar 4 1/2% 2091	101	101	101
Amstar 4 1/2% 2094	101	101	101
Amstar 4 1/2% 2097	101	101	101
Amstar 4 1/2% 2100	101	101	101



# Royal Insurance

**INTERIM DIVIDEND**  
The directors have declared an interim dividend of 5.850p per 25p unit of stock to be paid on 4th January, 1979. With the addition of stockholders' tax credit this is equivalent to a "gross" dividend of 8.969p. This compares with the interim dividend of 5.5p (8.164p gross) declared at the smaller stage last year.  
The dividend will be payable to stockholders registered at the close of business on 1st November, 1978.

	6 months to 30 June 1976 £m.	6 months to 30 June 1975 £m.	Year 1975 £m.
<b>General Insurance:</b>			
Premiums Written	513.5	379.7	786.9
Underwriting Result:			
U.S.A.	-13.0	-13.7	-24.2
Elsewhere	4.8	1.4	-8.2
Total	-8.2	-12.3	-32.4
Long term insurance profits	0.8	0.3	1.7
Investment Income	41.3	27.9	82.5
Share of Associated Companies' profit	0.6	0.4	0.9
Total profit before taxation	34.5	16.8	32.7
Taxation	12.5	6.9	11.4
Minority Interests	0.1	0.0	0.2
Profit after taxation	21.9	9.9	21.1
(pence per unit)	(14.5p)	(6.2p)	(15.9p)
Dividend	8.5	6.4	18.5
(pence per unit)	(5.83p)	(5.3p)	(13.4p)
Profit retained	13.1	3.5	2.6
Operating ratios for the U.S.A. are:			
Claims as % of earned premiums	78.1	79.8	78.3
Expenses as % of written premiums	27.4	28.9	28.8
Operating ratio	105.5	108.5	107.1

**UNDERWRITING RESULT**  
The underwriting loss at the half year of £8.2m. is £7.7m. less than the loss at the end of the first quarter, which stood at £15.9m. As pointed out previously, quarterly figures do not give a reliable guide to the outcome for the year and the sharply differing underwriting results of the first and second quarters of 1978 underline this point. There is a general improvement in underwriting experience in almost all territories in the second quarter and, whereas in the first quarter there was an exceptionally high incidence of storm catastrophes, in the second quarter the reverse applied.  
In the United States automobile insurance continued to produce the largest part of a loss although the results are better than in the first half of 1978, reflecting the effect of rate increases. The workers' compensation line deteriorated due to an increased claims frequency whilst general liability showed some improvement although it remained in a making situation.  
In the United Kingdom and Canada profits in the second quarter more than offset the losses in the first quarter. In Australia the satisfactory result in the first quarter was repeated.  
In the Netherlands there was a further underwriting loss but elsewhere in Europe and in other overseas territories the results overall were profitable.

**EXCHANGE RATES**  
In the above figures foreign currency has been converted according to our normal practice at approximately the average rates of exchange ruling during the period. The principal rates were:

	6 months to 30 June 1976 £/\$	6 months to 30 June 1975 £/\$	Year 1975 £/\$
U.S.A.	\$1.90	\$2.36	\$2.23
Canada	\$1.88	\$2.38	\$2.26
Australia	\$1.53	\$1.75	\$1.69

The effect of the depreciation of sterling on the comparison of the half year results is significant: the underwriting result for the first half of 1978 being adversely affected to the extent of £2m. On the other hand investment income has benefited by some £5m.

**FREE RESERVES**  
Capital and free reserves as at 30th June 1978 were estimated to amount to £433m. which is 47% of the preceding 12 months' premiums.

**LONG TERM INSURANCE**  
New business written in the first six months of the year with corresponding figures for the first six months of 1975:

	6 months to 30 June 1976 £m.	6 months to 30 June 1975 £m.	Year 1975 £m.
New life and annuity premiums	7.8	6.7	14.2
Periodical premiums	6.5	5.1	14.8
Single premiums	14.2	11.8	28.0
Total	441.6	361.8	746.1
New annuities per annum	14.2	18.0	30.9

31st August, 1978

## MINING NEWS

# Impala on the upward path

BY KENNETH MARSTON, MINING EDITOR

THE South African Union Corporation group's Impala Platinum has survived a difficult 12 months and clearly anticipates better things in the current financial year to next June. The latter view is underlined by a final quarterly dividend for 1976-78 of 22 cents (14p) which makes a total for the past year to June 30 of 70 cents compared with only 45 cents for 1974-75.



Mr. Ian Greig, chairman of Impala.

A change in accounting procedure regarding the cost of platinum in the production pipeline has resulted in Impala's latest net income rising by R5m. to R30.9m. (£18.9m.). Had this rate will be reviewed from time to time in the light of changing market conditions and the availability of labour.

Before the chill winds struck the world economy, Impala had been aiming at a production expansion to an annual rate of some 550,000 ozs by the end of 1974. Since then costs have moved ahead substantially and, presumably, Impala is waiting for higher platinum prices before boosting its production. Meanwhile, it is pointed out that the market recovery seen in May and June has not been sustained.

At present the mine is still selling on the basis of its July price increase of \$15 to \$170 per ounce which compares with a more recent increase to \$180 being charged by the other leading producers, South Africa's Rustenburg and Canada's Inco. The free market price was \$157 yesterday. A 21.6 per cent. stake in Impala is held by Bishopton Platinum, the shares of which were 86p yesterday.

## RECOVERY SIGNS AT NORTHGATE

Canada's Northgate Exploration, whose base metal operations are in Ireland, reports a second quarter's net income of \$234,000 (£153,000) or 4 cents (2.2p) per share compared with \$57,000, or 1 cent a share, for the same period of 1977. This brings Northgate's half-year earnings to \$230,000 (£152,000) against \$237,000 for the first six months of last year.

Net revenue from the sales of metals and concentrates in the past half-year declined to \$8.1m. (£5.1m.) from \$10.7m. previously, owing to the closure, as included a special payment of R7.3m. Capital spending for the past year has amounted to £1.5m. in the latter half of 1977. The below-forecast R4.4m. and is expected to rise to about R12m. in the current 12 months.

Impala's planned production for the year to last June was 600,000 ozs of platinum and the figure for the current year is raised modestly to 700,000 ozs. It is stated, however, that the latter

**MINING BRIEFS**  
KENT (FMS)—July, an output of 43 tonnes (June 49 tonnes).  
KINTA KELLAS TIN DRESSING—July an output of 48 tonnes (June 66 tonnes).

All these securities have been sold. This announcement appears as a matter of record only.

# Ljubljanska Banka

## United Arab Emirates Dirhams 80,000,000

9 1/2% Guaranteed Notes Due 1983

Unconditionally and irrevocably guaranteed as to payment of principal, premium, if any, and interest by

The Socialist Republic of Slovenia, Yugoslavia

Managed by  
Wardley Middle East Limited

National Bank of Abu Dhabi  
Khalij Commercial Bank Limited

Funds provided by  
James Capel & Co. Khalij Commercial Bank Limited  
National Bank of Abu Dhabi Oryx Investments Limited  
The British Bank of the Middle East Wardley Middle East Limited

Fiscal Agent and Principal Paying Agent  
The British Bank of the Middle East

Advisers to the Managers  
Antony Gibbs Holdings Limited

All these Bonds having been sold, this announcement appears as a matter of record only.

# Republic of Austria

U.S. \$50,000,000 8 3/4 per cent. Bonds 1990

- Creditanstalt-Bankverein
- Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
- Österreichische Länderbank Aktiengesellschaft
- Genossenschaftliche Zentralbank Aktiengesellschaft
- Commerzbank Aktiengesellschaft
- Deutsche Bank Aktiengesellschaft
- European Banking Company Limited
- Orion Bank Limited
- Swiss Bank Corporation (Overseas) Limited
- S. G. Warburg & Co. Ltd.
- Credit Suisse White Weld Limited
- Dresdner Bank Aktiengesellschaft
- Kreditbank S.A. Luxembourgeoise
- N. M. Rothschild & Sons Limited
- Union Bank of Switzerland (Securities) Limited
- Westdeutsche Landesbank Girozentrale

Algemeine Bank Nederland N.V.	A. E. Ames & Co. Limited	Amex Bank Limited	Amsterdam-Rotterdam Bank N.V.	Andelsbanken A/S Dannebank
Arnhold & S. Bleichroeder, Inc.	Bache Halsey Stuart Inc.	Julius Baer International Limited	Banca Commerciale Italiana	Banca del Gottardo Lugano
Banca Nazionale del Lavoro	Banco di Roma	Banco Urquijo Hispano Americano Limited	Bank für Arbeit und Wirtschaft A.G.	Bank Nax Fischer E.C.V.
Bank Gutzwiller, Kurz, Bungenier (Overseas) Limited	Bank Leu International Ltd.	Bank Mees & Hope NV	The Bank of Tokyo (Holland) N.V.	Bank Winter & Co. K.G.
Bankers Trust International Limited	Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur	Banque Française de Dépôts et de Titres	
Banque Générale du Luxembourg S.A.	Banque de l'Indochine et de Suez	Banque Internationale à Luxembourg S.A.	Banque Louis-Dreyfus	
Banque Nationale de Paris	Banque de Neufize, Schlumberger, Mallet	Banque de Paris et des Pays-Bas	Banque Populaire Suisse SA	Banque Rothschild
Banque de l'Union Européenne	Banque Worms	Baring Brothers & Co., Limited	H. Albert de Bary & Co. N.V.	Bayerische Hypotheken- und Wechsel-Bank
Bayerische Landesbank	Bayerische Vereinsbank	Bergan Bank	Berliner Bank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank
Breitsch Pischhof Schoeller Bankhandelsbank Aktiengesellschaft	Caisse des Dépôts et Consignations	Chase Manhattan Bank	Christiania Bank og Kreditkasse	Citicorp International Bank Limited
Compagnia Finanziaria Interbancaria S.p.A.	Compagnie de Banque et d'Investissements (Underwriters) S.A.	Crédit Commercial de France	Crédit Industriel et Commercial	
Crédit Lyonnais	Crédit du Nord	Credito Italiano	Daiwa Europe N.V.	Richard Daus & Co. Bankiers
DGBANK Deutsche Genossenschaftsbank	Dillon, Read Overseas Corporation	Domestic Securities Corporation Harris & Partners	Effectenbank-Warburg Aktiengesellschaft	Erste Österreichische Spar-Casse
Fellesbanken A/S	First Boston (Europe) Limited	Robert Fleming & Co. Limited	Goldman Sachs International Corp.	Hambros Bank Limited
R. Henriques Jr. Bank Aktiengesellschaft	Hessische Landesbank - Girozentrale -	Hill Samuel & Co. Limited	Istituto Bancario San Paolo di Torino	Jardine Fleming & Company Limited
Kansallis-Osake-Pankki	Kidder, Peabody International Limited	Kjoberhavns Handelsbank	Kleinwort, Benson Limited	Kreditbank N.V.
Lazard Brothers & Co., Limited	Lazard Frères et Cie	Lazard Frères & Co.	Lehman Brothers Incorporated	Lloyds Bank International Limited
London & Continental Bankers Limited	Manufacturers Hanover Limited	Merrill Lynch International & Co.	B. Metzger seel. Sohn & Co.	Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited	Morgan Stanley International	Nederlandsche Middestandsbank N.V. Girozentrale	Nesbitt, Thomson Limited	The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.	Norddeutsche Landesbank Girozentrale	Sol. Oppenheim Jr. & Cie.	Österreichische Volksbanken Aktiengesellschaft	Pictet International Limited
PKBanken	Postbank Aktiengesellschaft	Salomon Brothers International Limited	Schoeller & Co. Limited	J. Henry Schroder Wagg & Co. Limited
Skandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co. Incorporated	Société Générale	Société Générale de Banque S.A.	Svenska Handelsbanken
Trade Development Bank Overseas Inc.	Trinkaus & Burkhart	Vereins- und Westbank Aktiengesellschaft	J. Vontobel & Co.	M. M. Warburg-Brinckmann, Wirtz & Co.
Warburg Paribas Becker Inc.	White, Weld & Co. Incorporated	Wood Gundy Limited	Yamaichi International (Europe) Limited	Zentralsparkasse der Gemeinde Wien

## IMPALA PLATINUM LIMITED

(Incorporated in the Republic of South Africa)

### DECLARATION OF DIVIDEND AND PRELIMINARY PROFITS STATEMENT

**FINAL DIVIDEND**—The directors have declared a final dividend in respect of the year ended 30th June 1978 of 22 cents per share which will absorb R2,640,000. Dividends in respect of the year have thus totalled 70 cents per share absorbing R8,400,000. or ended 30th June 1975: 45 cents per share absorbing R5,400,000.

**PRELIMINARY PROFITS STATEMENT**—The unaudited consolidated income statement for the year ended 30th June 1978, and the comparative figures for the previous year show:

	Year ended 30th June 1976 (R'000)	Year ended 30th June 1975 (R'000)	Year ended 30th June 1975 (R'000)	Year ended 30th June 1975 (R'000)
Profit for year (Note 2)	32,995	35,884		
Taxation	2,805	2,466		
Profit after tax	30,990	33,418		
Minority interest in profit of subsidiary	36	18		
Profit after tax and minority interest	30,954	33,400		
cents per share—1975: 278 cents per share				
Retained surplus brought forward	10,033	7,324		
Portion applicable to shares sold in a subsidiary	—	19	7,305	
Profit for appropriation	52,284	40,705		
with as follows:				
Transferred to reserve for expenditure on mining assets (including special dividend—Note 2)	32,284	25,272		
Dividends	8,400	5,400		
Retained surplus	11,600	10,033		
Profit for appropriation	52,284	40,705		

**NOTES:**  
The profit for the year was arrived at after charging in Impala's own accounts R8,194,000 on interest on loans (1975: R8,857,000), R7,125,000 for adjustments and realignments of foreign currencies (1975: R1,870,000), and increase in provision for leave pay of R408,000 (1975: R30,000).  
The cost of production attributable to platinum in the course of production from the concentrator onwards (i.e. in the metallurgical pipeline) is carried forward at the current cost of production. Formerly, the cost of production attributable to metals in process was carried forward at the historic cost of production. This change in accounting policy is reflected in the consolidated income statement for the year ended 30th June 1978, as to an increase of R5,068,000 in the Group profit for the year before and after taxation (which is included in the above profit figure) and a prior year adjustment of R11,297,000, which has been included in the transfer to reserve for expenditure on mining assets of R32,284,000. If the results for the year ended 30th June 1975 were computed on the new basis of accounting, the Group profit for the year before and after taxation would have increased by R4,618,000 and the earnings per share would have been 317c per share.  
The profit for the year ended 30th June 1975 included R7,272,000, being the second half of a special prepayment received in connection with a reduction in the annual quantities of metal to be supplied over the period of a sales contract.  
Total expenditure during the year ended 30th June 1978 amounted to R5,400,000 (1975: R3,997,000). Capital expenditure for the current year ending 30th June 1977 is expected to be of the order of R12,000,000.

**RESERVE ON PROPERTY**—The planned rate of mine and refinery production for the financial year is 700,000 ounces of platinum. This will be reviewed from time to time in the light of changing market conditions and the availability of labour.

**MARKET**—For the greater part of the financial year just ended, the market for platinum and in group metals, and for nickel, was depressed. While there was an increased demand in the automobile industry and demand from Japan for jewellery continued strong, action in other sectors in the U.S.A., Europe, and Japan was at a low level as a result of mild recession.  
In June there were indications of a firmer market developing but this recovery has not been sustained.  
In July 1978, the Company raised its producer price for platinum to \$170 per ounce from which had been the price ruling since October 1975.

**DIRECTORS:**  
K. A. B. JACKSON  
Registered Office:  
Union Corporation Building  
74/78 Marshall Street  
Johannesburg 2001  
(P.O. Box 61357, Marshalltown 2107)

**SECRETARIES:**  
Corporation (U.K.) Limited  
1 House  
Sham Street  
EC2V 7BS  
August 1978















**GOLD**

From	To	Rate
London	1000	1000
Paris	1000	1000
Frankfurt	1000	1000
Geneva	1000	1000
Basel	1000	1000
Amsterdam	1000	1000
Brussels	1000	1000
Stockholm	1000	1000
Copenhagen	1000	1000
Helsinki	1000	1000
Tokyo	1000	1000
Osaka	1000	1000
Kobe	1000	1000
Manila	1000	1000
Cebu	1000	1000
Batavia	1000	1000
Singapore	1000	1000
Calcutta	1000	1000
Rangoon	1000	1000
Bombay	1000	1000
Madras	1000	1000
Colombo	1000	1000
Delhi	1000	1000
Jaipur	1000	1000
Bhopal	1000	1000
Varanasi	1000	1000
Patna	1000	1000
Lucknow	1000	1000
Allahabad	1000	1000
Meerut	1000	1000
Rohtak	1000	1000
Delhi	1000	1000
Jaipur	1000	1000
Bhopal	1000	1000
Varanasi	1000	1000
Patna	1000	1000
Lucknow	1000	1000
Allahabad	1000	1000
Meerut	1000	1000
Rohtak	1000	1000

# Coffee values boosted by Brazilian crop fears

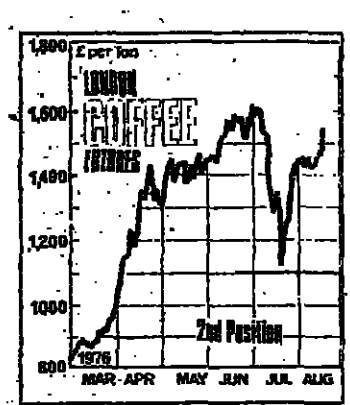
BY RICHARD MOONEY

RENEWED COLD weather in Brazil boosted coffee prices sharply in London and New York yesterday. New York futures quickly achieved a 10-cent rise to 15.50 cents a pound, while London prices rose 10 pence to 15.50 pence a cwt.

The Brazilian coffee harvest is expected to be 1.5 million tonnes, compared with 1.2 million tonnes in 1975. The 1976-77 season is expected to be 1.5 million tonnes, compared with 1.2 million tonnes in 1975. The 1976-77 season is expected to be 1.5 million tonnes, compared with 1.2 million tonnes in 1975.

Officials sources were playing down the situation and the Parana Agriculture Secretariat said early reports showed no damage to coffee trees. But private reports received by London traders said there had been damage to new trees and added that the strong winds associated with the low temperatures may have hit flowering for next year's crop.

Nobody is prepared to put a figure on the possible damage but with the world supply situation tight, the high level of coffee prices is expected to persist. The 1976-77 season is expected to be 1.5 million tonnes, compared with 1.2 million tonnes in 1975.



# Australian wool exports rise

MELBOURNE, August 16.

bullish about the initial sales for the 1976-77 season than it was a few weeks ago, despite the prospect of a further reduction in the world wool stockpile because of drought. The clip was put at 649,100 kilos in July and at 611,500 kilos previously.

The main factor prompting the note of caution is the sluggish recovery of the Japanese economic recovery.

Sydney wool traders said Japan had sufficient wool stocks at present, following large purchases in June, to enable it to buy selectively without pushing up the market for some time.

Shortage of combing space in Europe may also moderate European demand for a period, they noted.

Looking to the first half of the season, the sources said they expected the market to remain firm under steady buying with the overall tone depending on a continuation of the economic recovery in the northern hemisphere.

# Copper up despite stocks rise

By John Edwards, Commodities Editor

COPPER PRICES rose on the London Metal Exchange yesterday, with the three-month quotation climbing above 1960 a tonne again, despite a larger than expected rise in warehouse stocks which put a damper on early trading.

Renewed speculative buying, encouraged by the value of sterling, and a firm New York market, helped prices recover from earlier losses following the rise in stocks of 3,825 tonnes to a record total of 52,000 tonnes.

Cash wirebars after closing the morning session with a settlement price of £37.5 a tonne ended the afternoon at £38.5 a tonne, £12.75 up on Friday's close. Three months futures closed at £39.75 a tonne, £14 higher than at £25.75 a tonne.

The tin market also shrugged off a higher than expected rise in warehouse stocks—up by 470 to 8,435 tonnes—by a 20 pence fall in Pango over the weekend, where prices were down by £820 to \$31,170 a cwt.

Cash tin closed off at £15.5 lower at £47.0 a tonne, following some buying interest expected from the U.S. It was pointed out that the fall in Pango was basically brought about by a rise in the value of the dollar.

As expected lead stocks rose by 1,100 to 51,200 tonnes, and zinc by 1,225 to 92,450 tonnes. LME silver holdings increased by 300,000 to 23,920,000 ounces.

# U.K. crop prospects wither in drought

BY DAVID RICHARDSON

THE LIKELY yield of this year's U.K. sugar beet crop is difficult to forecast with accuracy. For the past two years it has been clear by mid-summer that because of late planting, poor germination, aphids and/or drought, the 1974 and 1975 crops could not possibly yield more than two-thirds of normal expectations. But this year has been different in at least three vital respects.

To begin with, the crop was planted early in almost perfect seed beds. By mid-April almost all of the 510,000 acres contracted to be grown for the BSC were in the ground. (The previous year drilling had hardly begun by that date.) In consequence, practically every seedling germinated this spring and the number of plants per acre was generally excellent.

A series of mild winters has allowed many aphids to survive. In the past year, the beet seemed likely that these predators would damage the crop, with the yellow virus they carry, even more seriously than before. Counts of the bugs at Brooms Barn, the sugar beet expert's experimental farm at Suffolk, this time revealed that there were 10 times more of them around than in the previous worst years in 1974.

Estimates of the acreage of really light land crops—which are virtually beyond help and which will yield almost negligible—have not yet been given by the British Sugar Corporation, although they must know the figure from their fieldmen's regular reports. My own guess is that it is around 20 per cent of the national crop.

# Cocoa leaps higher again

By Our Commodities Staff

COCAO PRICES on the London Market moved higher yesterday in response to reports of lower Bahia main crop prospects in Brazil. The December position closed £125 higher at 1,278.75 a tonne.

The advance came despite a lower pre-weekend tone in New York which had been expected to depress prices in London. Traders also noted that heavy hedge selling against producer sales over the week-end, which took December cocoa to a all-time second position peak.

In Accra meanwhile the Ghana Cocoa Marketing Board said purchases of mid-crop cocoa for the week ended August 12 (the tenth of the season) are estimated at 94 tons, bringing the cumulative total to 6,782 tons against 4,848 after ten weeks last year.

# Israeli produce exports rising

By Our Own Correspondent

TEL AVIV, August 16.

AGREXCO, the Israeli company handling all exports of fresh agricultural produce other than citrus, has announced an increase of nearly 10 per cent in the value of Israeli exports to \$95m. in the current agricultural shipment season, starting October 1.

This compares with increases of 32 per cent in the value of its sales, and 20 per cent in the quantity of its exports during the agricultural year now drawing to a close. The increase during 1975-76 affected all categories.

Outstanding successes were attributed to a 10 per cent increase in the value of exports, against 10,000 tonnes worth \$8.9m. in 1974-75, and a 10 per cent increase in the value of exports, against 10,000 tonnes worth \$8.9m. in 1974-75, and a 10 per cent increase in the value of exports, against 10,000 tonnes worth \$8.9m. in 1974-75.

# Scorched

It seemed all the more ominous as evidence accumulated of aphids growing immunity to the most widely used insecticide. Realising the potential seriousness of this situation, farmers followed sugar beet fieldmen's advice and alternated the types of insecticides they used, so as to avoid building the immunity further, and the same time used much more water with the chemical to help compensate for the hot, dry weather. As a result, control of the pests was generally effective. Incredibly, most beet crops survived the first few weeks of the drought very well. The carrot shape and growing habit of the sugar beet root gives it an advantage over most crops in that it comes to finding moisture. When soil conditions are good at planting time, as they were this year, it is not unusual for tiny hair roots to go down three to four feet into the sub-soil in search of moisture.

But when temperatures rose to over 90 degrees in late June and early July and there was still no rain, growth stopped and the leaves flagged, until some of them touched the hot soil and literally scorched away. Light land crops were obviously worst affected, and many of these have never recovered. Those on heavier land, however, perked up when temperatures dropped to more normal levels and the few showers since have at least kept them alive, and in some cases growing again.

# COMMODITY MARKET REPORTS AND PRICES

BASE METALS									
COPPER—Continued. The recovery in the London market was followed by a rise in New York. After a rather hesitant opening of 1960, the market moved higher in response to reports of lower Bahia main crop prospects in Brazil. The December position closed £125 higher at 1,278.75 a tonne.									
ZINC—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
LEAD—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
SILVER—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
COCAO—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
SOYABEAN MEAL—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
GRAINS—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
MEAT/VEGETABLES—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Wool—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Vegetable Oils—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Jute—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Cotton—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Sugar—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Rubber—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Hides—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Fur—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Wool—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Vegetable Oils—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Jute—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Cotton—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Sugar—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Rubber—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Hides—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									
Fur—Reflected the same tone as copper and lead, forward metal trading was steady, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.									

## Everybody deserves to travel Victor Britain style sometimes.

Everybody can enjoy the Victor Britain treatment. It's the ultimate in chauffeur drive travel.

Just give us a call. Whenever you want us, we'll be ready with a fine new limousine and a chauffeur. Both prepared to see that you have the smoothest, most comfortable journey possible.

Just sit back and enjoy travelling in Victor Britain Style.

## VICTOR BRITAIN

The chauffeur drive service of Avis Rent a Car.

01-262 3134

## Earthquake shakes up sugar price

NEW YORK, August 16.

SILVER finished slightly easier in mixed trading following earlier. Light hedging along with local selling weighed down the market. Sugar prices were mixed, with a slight rise in the afternoon. The December position closed £125 higher at 1,278.75 a tonne.

## PRICE CHANGES

Prices per ton unless otherwise stated.

Commodity	Aug. 16	Aug. 15	Aug. 14
Copper	1,278.75	1,278.75	1,278.75
Zinc	1,278.75	1,278.75	1,278.75
Lead	1,278.75	1,278.75	1,278.75
Silver	1,278.75	1,278.75	1,278.75
Cocoa	1,278.75	1,278.75	1,278.75
Soyabean Meal	1,278.75	1,278.75	1,278.75
Grains	1,278.75	1,278.75	1,278.75
Meat/Vegetables	1,278.75	1,278.75	1,278.75
Wool	1,278.75	1,278.75	1,278.75
Vegetable Oils	1,278.75	1,278.75	1,278.75
Jute	1,278.75	1,278.75	1,278.75
Cotton	1,278.75	1,278.75	1,278.75
Sugar	1,278.75	1,278.75	1,278.75
Rubber	1,278.75	1,278.75	1,278.75
Hides	1,278.75	1,278.75	1,278.75
Fur	1,278.75	1,278.75	1,278.75

## FINANCIAL TIMES

Aug. 16, 1976. 10 p.m. 10 p.m. 10 p.m.

Commodity	Aug. 16	Aug. 15	Aug. 14
Copper	1,278.75	1,278.75	1,278.75
Zinc	1,278.75	1,278.75	1,278.75
Lead	1,278.75	1,278.75	1,278.75
Silver	1,278.75	1,278.75	1,278.75
Cocoa	1,278.75	1,278.75	1,278.75
Soyabean Meal	1,278.75	1,278.75	1,278.75
Grains	1,278.75	1,278.75	1,278.75
Meat/Vegetables	1,278.75	1,278.75	1,278.75
Wool	1,278.75	1,278.75	1,278.75
Vegetable Oils	1,278.75	1,278.75	1,278.75
Jute	1,278.75	1,278.75	1,278.75
Cotton	1,278.75	1,278.75	1,278.75
Sugar	1,278.75	1,278.75	1,278.75
Rubber	1,278.75	1,278.75	1,278.75
Hides	1,278.75	1,278.75	1,278.75
Fur	1,278.75	1,278.75	1,278.75



## Firm Gilt-edged pave way for modest rally in equities

### Share index up 2.8 at 377.2—Interim figures boost 'Royals'

	17.10	17.84	17.45	19.98
	8.66	8.69	8.48	7.85
	4.738	5.088	4.941	4.152
	44.84	35.87	42.43	59.69
	11,552	10,370	10,905	10,900

on 27/4. 1 p.m. 37/51.  
 25/4.  
 5 222.  
 tion tax. (b) NU=2.23  
 ind. 123. ind. Ord. 1/7/75. Gpk

### S. E. ACTIVITY

	Aug. 16	Aug. 15
Daily		
GH-Edged	200.5	170.5
Industrial	118.9	148.8
Speculative	29.5	37.8
Total	97.0	107.8
3-day 1/2 "R."		
GH-Edged	182.6	175.1
Industrial	137.1	139.8
Speculative	43.8	46.6
Total	173.0	107.7

Australians lacked direction  
 with the trend in overall



**These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries**

[illegible]

Our average tender rate of discount, 10.37% per cent.















## Tanaka charged with taking £1m. bribes

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, August 16.

MR. KAKUEI TANAKA, the former Japanese Prime Minister, was indicted today on a charge of receiving bribes worth ¥500m. (£967,000) from Lockheed Aircraft Corporation in connection with Lockheed's sales of Tristar airliners to All Nippon Airways.

The indictment marks a watershed in post-war Japanese politics. It is the first time a politician has been charged with a criminal offence committed while holding office as Prime Minister.

Soon after the war another former Prime Minister, Mr. Hiroshi Ashida, was indicted on a bribery charge. But the case involved Mr. Ashida's alleged conduct as Foreign Minister before reaching the premiership.

Mr. Ashida was acquitted, as was Mr. Tanaka on much smaller bribes charges brought against him soon after the start of his political career in 1948.

With the indictment of Mr. Tanaka come related charges against three former executives of Marubeni Corporation, which was Lockheed's Japanese agent until the Lockheed affair was exposed this spring.

The three executives, who included Mr. Hiro Hiyama, a former Marubeni chairman, are charged with having passed Lockheed funds to Mr. Tanaka in exchange for help in procuring the All Nippon Airways contract for Lockheed.

**Election**

The indictment of Mr. Tanaka and of the three Marubeni executives coincides with rumours that the arrests of other prominent politicians connected with Lockheed may be imminent.

These may include some members of the present cabinet headed by Mr. Takeo Miki. If such arrests are made Mr. Miki will almost certainly be forced to resign although he is not involved in the affair. A period of turmoil in Japanese politics could be expected.

The political crisis is given another twist by the fact that Japan must hold a general election by the end of this year. The term of the present Parliament expires in December. The Liberal Democratic Party holds a comfortable majority in the present Lower House of the

Diet, but will need to increase its majority slightly to retain full control after the election, since the number of seats in the Lower House is to be increased.

Political observers say the party has little chance of doing this in its present state of disarray and demoralisation. A more probable alternative to the party closing ranks and fighting a successful election in the face of the Lockheed affair would seem to be a party split. Mr. Takeo Miki may lead supporters from the Left wing of the party either into a new group or into partnership with segments of one of the Leftist opposition parties.

The timing of future moves in the Lockheed affair remains doubtful. There have been reports that the police may have been delaying the arrest of cabinet ministers for fear that a major upheaval in Japanese politics could affect the outcome of the Lockheed Presidential nomination in the U.S. If these rumours are correct the next Lockheed moves could be expected from the end of this week.

## Bernhard inquiry ends

BY MICHAEL VAN OS

THE HAGUE, August 16.

QUEEN JULIANA of the Netherlands has decided to cut short her summer holiday. She returns home tomorrow after the conclusion of a six-month inquiry into the involvement of her husband, Prince Bernhard, in the Lockheed bribery scandal.

The Queen has been staying at the Italian resort of Porto Cervo and was expected to return at the end of the month.

Mr. Joop den Uyl, the Dutch Prime Minister, has refused to comment on the commission's

conclusions and has stated that approval of the U.S. Justice Ministry would be needed for publication in the Netherlands of any confidential information supplied by the U.S.

It did not rule out the possibility of an abridged version of the report being presented to Parliament. The Government has said it reserved the right to decide in what form the report would be published.

The independent three-man commission was set up early in

February to investigate allegations made in the U.S. that Prince Bernhard had accepted more than \$1m. from Lockheed to promote aircraft sales in the Netherlands, notably of the F-104 Starfighter.

The Prince, who has denied the allegations, is Chief Inspector of the Dutch armed forces and a supervisory Board member of a number of Dutch companies, including Fokker, the aerospace concern, and KLM.

## UDT may have won £3m. cut in annual 'lifeboat' loan interest

BY MARGARET REID

UNITED DOMINIONS TRUST, the finance house group which is the largest recipient of loans from the big banks' "lifeboat", is believed to have negotiated a further reduction in the interest it pays on these borrowings, saving it up to £3m. a year.

The company, now headed by Mr. Leonard Minter, formerly vice-chairman of the Midland Bank, is also thought to have reduced the amount it has on loan from the "lifeboat", significantly below the earlier figure of £450m.

Until February this year, UDT was paying interest on its money from the "lifeboat"—which had been launched by the major banks to help those hit by the

secondary banking crisis—at a rate 1 per cent. above the London interbank rate.

This additional margin was then cut back by 1 per cent. to 11 per cent. so saving the group some £2m. a year on its "lifeboat" borrowings of more than £400m.

**Biggest borrower**

It is now thought that a further cut has been arranged, lowering the margin again, probably by 1 per cent. to around 10 per cent. UDT has claimed strenuously that it needed a lower interest rate to help it surmount the extensive problems it has had to contend with.

The big banks who manage and finance the "lifeboat" have evidently recognised this. UDT is, after all, the biggest borrower of these funds, so that an improvement in its situation would be a useful step towards the solution of the secondary banking crisis.

UDT, which in the first half of the past year made a modest pre-tax profit of £5m., compared with a net loss of £31.2m. a year earlier, is due to announce its results for the full-year 1975-76 to-morrow.

Total borrowings by all assisted concerns from the "lifeboat" are now down to around \$800m., from £1.14bn. some months ago.

## Paris currency reserves fall after bid to protect franc

BY RUPERT CORNWELL

PARIS, August 16.

THE BELATED position of a declining gold stock and an outflow of francs have been clearly shown by the French reserve figures for last month, issued to-night by the Finance Ministry.

They provide the first confirmation that France's second largest gold stock, the immediate acquisition to hand to protect the franc, is now under \$450m. (£12.2bn.), in currency reserves, largely more than the sum spent in July to keep the currency in the ERM, plus last March.

In the circumstances, observers are not surprised that market intervention has been so scarce. The French government has been unable to raise more than \$650m. since the latest decline started in mid-July—and that the Bank of France has relied so heavily on a monetary policy to hold the line.

The real reserves loss is believed to have been rather higher, concealed in part by higher gold prices.

Given the weak gold market, which may force a further withdrawal of the total component of French reserves, the immediate acquisition to hand to protect the franc is now under \$450m. (£12.2bn.), in currency reserves, largely more than the sum spent in July to keep the currency in the ERM, plus last March.

In the circumstances, observers are not surprised that market intervention has been so scarce. The French government has been unable to raise more than \$650m. since the latest decline started in mid-July—and that the Bank of France has relied so heavily on a monetary policy to hold the line.

This is the price France has to pay for its attachment to gold. Practical and ideological reasons make a high bullion price particularly important to Paris.

Yet every purchase at an IMF auction reduces further the currency reserves it can marshal quickly, and consequently its role for monetary manoeuvre.

John Wickes, writes from Zurich: The Swiss National Bank has announced its new gold purchases from the International Monetary Fund auction as 46,000 ozs at \$122.05 an oz.

Booked in the National Bank's balance at the official price of Sw.Frs.4,555.74 per kilo fine gold, this results in an increase in the Bank's officially-valued gold holdings to about Sw.Frs.11,904m.

## Yen goes higher on strength of likely trade surplus

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE YEN advanced further against the dollar yesterday, reaching its highest level for nearly 17 months, ahead of today's expected announcement of another large trade surplus for Japan.

Otherwise, conditions in the foreign exchange markets were generally more settled than at the end of last week with less pressure on the weaker currencies in the "snake", the European joint float.

Some of the speculative positions built up in the last few days appear to have been partly unwound and the week-end rumours about an imminent re-

alignment of currencies abated somewhat.

Both the Belgian and Dutch currencies came off the bottom level within the snake following the increase in their discount rates on Friday.

The D-Mark and the Swiss franc, however, both rose slightly during the day against the dollar and ended weaker at the close against most European currencies. (The French market was closed for a public holiday.)

The market's nervousness about an eventual appreciation of both the D-mark and the yen could be tested by any item such as a large trade surplus which

apparently highlights the case for such a realignment.

The yen yesterday closed at ¥290, in Europe, against ¥291, although official intervention in Tokyo was described as light for most of the day, there were reports in London that the Bank of Japan may have bought at least \$10m. to control the rise, and possibly more—very much less, however, than when the yen came under pressure last month.

Sterling had a relatively quiet day, closing unchanged at \$1.7815, after a low of \$1.7770, with little apparent reaction from the big July trade deficit announced on Friday. Yen gains, Page 4

## No compromise for doctors from Ennals

BY KEVIN DONE, INDUSTRIAL STAFF

MR. DAVID ENNALS, the Social Services Secretary, yesterday offered no compromise to the junior doctors, who meet later this week to discuss strike action in their dispute about overtime pay.

"He told them that the Government's latest offer 'represented the absolute limit' to which it was able to go under the pay policy."

In a letter to Dr. David Wardle, chairman of the British Medical Association's hospital junior staffs committee, Mr. Ennals claimed that the junior doctors were "entirely mistaken" in thinking that the proposed "mark-time" arrangements amounted "only to a deferred pay cut."

The arrangements would mean that junior doctors would not lose money when they moved to new jobs involving the same amount of work.

Junior doctors are already taking various kinds of industrial action in many parts of England in support of their claim. In the main they are working only a basic 40-hour week, operated flexibly, so as to maintain cover for emergency cases.

**Broken accord**

They feel that the Government is breaking an agreement reached early this year on doctors receiving overtime pay during holiday periods or study leave.

Wardle said Mr. Ennals' letter could only make matters worse. The conflict and confrontation was of the Government's making.

"We are forced to the conclusion that Mr. Ennals' attitude is in breach of faith by the Government. He was sorry that the doctors had made this suggestion."

Junior doctors in England were already contracting for duty hours which would leave them, on average, more than £500 better off in a full year than under their previous contracts.

Any further costs on the pay bill would impose an unacceptable strain on the pay policy, "however reasonable the proposal might be."

The national pay policy should command as much support from the junior doctors as from any group in society, said Mr. Ennals. "It is the lynch-pin of our battle against inflation."

Doctors were wrong to take industrial action causing inconvenience and even danger to patients as a means of seeking to influence Government policy.

In May that it assumed that in pricing the doctors' contract within the pay policy the full salary would be paid throughout the year.

Dr. Wardle pointed out that 60 per cent. of the employing authorities covering 80 per cent. of the doctors had already implemented the contract as understood by the doctors.

"For the Government to decide unilaterally to reduce the annual salary of doctors under the guise of the pay policy can only be described as dishonest."

**Stormy meeting**

He accused Mr. Ennals of misleading the public over the doctors' contract. The junior doctors had never tried to break the pay policy.

The scene is now set for a stormy meeting of the hospital junior staffs committee, on Thursday, called to consider escalating the doctors' industrial action. The meeting is certain to discuss a call from some regions for 24-hour strikes as one form of more militant action.

Mr. Ennals said yesterday that there was no question of any breach of faith by the Government. He was sorry that the doctors had made this suggestion.

Junior doctors in England were already contracting for duty hours which would leave them, on average, more than £500 better off in a full year than under their previous contracts.

Any further costs on the pay bill would impose an unacceptable strain on the pay policy, "however reasonable the proposal might be."

The national pay policy should command as much support from the junior doctors as from any group in society, said Mr. Ennals. "It is the lynch-pin of our battle against inflation."

Doctors were wrong to take industrial action causing inconvenience and even danger to patients as a means of seeking to influence Government policy.

## Lower trading loss reported by Alfred Herbert

BY ROY HODSON

ALFRED HERBERT, the machine tool group, has achieved a markedly better financial performance in its first half-year as a State-owned company despite a continuing shortage of new orders.

Trading loss for the first six months to June 30 was £735,000 compared with a loss of £2.18m. in the first half of 1975. After taxation, the company shows a £1.28m. loss for the half year 1975-76, in the first half of 1975.

**Recovery**

Turnover was £237m. compared with £204m. in 1975. With machine tools now being stocked under the Government finance scheme for the industry, Alfred Herbert could be in the black by the end of the year given a reasonable flow of orders. "The rate of recovery

will be decided mainly by order intake," Mr. J. W. Buckley, chairman, said last night.

He was satisfied that the latest results demonstrated a satisfactory trend in the company's recovery, backed by £25m. of Government finance and £5m. available from the Government under the machine tool stocking scheme.

The scheme had been of great value to Alfred Herbert which had drawn upon £1.5m. of stockpiling facilities. This had enabled production to be maintained at reasonable levels during a period of acute shortage of orders.

The sluggish rate of ordering of machine tools was now affecting the industry worldwide. But there were signs of recovery, and company's hopes were pinned on winning some important business from the British Leyland investment programme.

Continued from Page 1

## Buckley clears way

Ford running mates, questioned by the media, said that Mr. Clark Reed, the important chairman of the Mississippi delegation, said he thought the idea had much intrinsic merit but he had not decided whether to vote for it.

Attention is focussed on the Mississippi delegation, whose 30 members remain technically uncommitted. Mr. Ford's staff say he commands the support of 17 of them. But Mr. Reed, an original Reagan backer who switched to the President largely because of the selection of Senator Schweiker, said today the split was still even.

By tradition, Mississippi Republicans vote at the Convention under the so-called unit rule—that is, whichever candidate has a majority of the delegates gets the vote of all 30.

There is a move afoot to abandon this. The Ford strategists, who are working overtime on Mississippi, say they do not mind what the state decides.

Seventeen delegates, they say, would be enough to put the President over the 130 he needs to win, while 30 would simply be icing on the cake.

Delegate-hunting has consumed both Mr. Ford and Mr. Reagan since they got here yesterday afternoon.

That the sitting President should have come to the Convention so early to take what is said to be a personal charge of his own campaign effort is, of course, almost unprecedented. It underlines the closeness of the contest.

For what it is worth, Mr. Ford was said to have gained two more supporters in Hawaii and possibly three in Pennsylvania.

Mr. Reagan claimed two and possibly three from Pennsylvania as well (though the state is still likely to split heavily in favour of Mr. Ford) and was working hard this morning to prevent any slippage in Indiana and among his Southern supporters.

## LONG-RANGE WEATHER

### No early end to drought

THE LONG-RANGE weather with only brief disturbed spells. Mean temperatures and total amounts of sunshine will probably be above average generally. The latter half of the period will probably be cooler relative to average than the first.

The forecast until September 15 is: Mainly dry and settled (E938.036) from Lockheed Air-

THE LEX COLUMN

## Royal leaves the storms behind

Even more than for General Accident last week Royal's half-time figures show a dramatic improvement between the first and second quarters. Thus the underwriting loss of £15.9m. for January-March—which included some £5m. of abnormal storm damage claims—has been turned round into a profit of £7.7m. for April-June, when catastrophe experience became unusually favourable.

With investment income advancing £13.4m. to £41.3m.—more than half the gain being explained by the rights issue proceeds and the fall in sterling—Royal has produced half-time profits of £34.5m. pre-tax, slightly more than for the whole of last year.

Royal's advance in the U.S. from an operating ratio of 109.9 per cent. in the first quarter to 101.5 per cent. in the second is significantly more rapid than by either CU or GA, lagging by about 5 and 3 points respectively. The company points to the rise of only 7 per cent. in first half premiums in dollar terms as an indication—in the context of some fairly steep rate increases in many lines—of just how selective it has become. Elsewhere, only the Netherlands has contributed underwriting losses, though Royal warns that Canada faces a seasonally more sticky second half and competition is stiffening in Australia.

The second quarter, in fact, looks rather exceptional, and it would be unwise to project more than £75m. pre-tax for the full year (earnings of just over 30p a share). But Royal has provided more justification for the renewed enthusiasm about the composite sector, with its shares up 10p to 308p.

See also Page 17

**Islington loan**

Islington has turned to the medium-term corporation market with a £15m. new issue for the second time in eleven months in order to support its housing programme, currently running at £50m. a year. Given yesterday's firmness in the gilt market, Islington looks fortunate in its timing, though the terms of the issue itself are not giving much away. The halfways-stage in September KU, 1982, at £90 per cent. gives a running yield of 13.57 per cent. for an edge over the 13.36 per cent. from the recent Sandwell

Index rose 2.8 to 377.2

issue though Islington's redemption yield of 13.67, falls marginally short of Sandwell's 13.66 per cent. Taken against the comparable Treasury stock, the yield differential is similar to that of Sandwell at the time of issue, but because Islington's terms are pitched rather tight against other corporation stocks there is unlikely to be much excitement generated for this issue. However, there is reasonable demand in the market for stocks of this date and that may be sufficient to get Islington's offer off the ground.

See also Page 16

**Keyser Ullmann**

Keyser Ullmann's welcome news that it had finally cut loose from the Bank of England

lifeboat (admittedly four months later than expected) is spoiled by the fact that even after last year's massive £64m. provisions it has had to provide an extra £7.25m. this year. As a result the hoped-for profit has been turned into a £5.3m. pre-tax loss leading to a further reduction in shareholders' funds from last year's £42.6m. to £36.7m.; a far cry from the £100m. of 1974.

True, just over half of the extra provision is due to problems in the housebuilding and industrial subsidiaries, but the rest reflects the fact that even KU's new and conservative management had underestimated the problems on the property side. This seems all the more surprising since at the halfways-stage in September KU, 1982, at £90 per cent. gives a running yield of 13.57 per cent. for an edge over the 13.36 per cent. from the recent Sandwell

At March 31, Tremlett's borrowings were running 30 per cent. ahead of holders' funds of £2.1, cutting loose at an effect of £11m. from the last overseas operations has further debt pressures a balance sheet date and its borrowings could be closer to £5m. or roughly fifth of capital employed figure easy back net in cash, and money out on asset sales probable around £1m. No further sales are planned so the sheet hopes now hi Tremlett's earnings p. which last year extends a share, fully diluted.

See also Page 2

**Tremlett's**

Tremlett's made a profit of £1.28m. last year, reckons currently to be a "very good" positive cash depreciation and retained £1m. in 1975-76.

Directors still have a of gearing hurdles to or and although some sort listing timetable is about drawn up shareholders p have little hope of a requ much before 1977.

## Weather

U.K. TO-DAY

MAINLY dry, sunny and very warm. Isolated showers possible. London, S. England, Midlands, S. Wales.

Sunny and hot inland. Cooler on coasts. Max. 27C (81F).

Channel Is.

Dry, sunny and very warm. Max. 24C (75F).

N. Wales, N.W. and Cent. N. England, Lakes.

Mainly dry, sunny intervals. Perhaps isolated showers later. Max. 25C (77F).

I. of Man, W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland.

Dry, sunny spells. Cooler on coasts. Max. 25C (77F).

Border, Edinburgh, Dundee, Aberdeen, Moray, Fife, N.E. Scotland.

Dry, sunny spells. Coastal fog patches. Max. 23C (73F).

Anglia, N.E. E. England

Mainly dry, sunny spells. Cooler on coasts. Max. 25C (77F).

Orkney, Shetland

Dry, sunny spells. Max. 18C (64F).

Outlook: Little change.

**BUSINESS CENTRES**

	Y-day	Monday	Y-day	Monday
Amsterdam	8.25	8.25	Manila	8.25
Athens	8.25	8.25	Melbourne	8.25
Bombay	8.25	8.25	Montevideo	8.25
Buenos Aires	8.25	8.25	Moscow	8.25
Calcutta	8.25	8.25	New York	8.25
Canton	8.25	8.25	Osaka	8.25
Cebu	8.25	8.25	Paris	8.25
Hankow	8.25	8.25	Perth	8.25
Hong Kong	8.25	8.25	Reykjavik	8.25
Kobe	8.25	8.25	Rio de Janeiro	8.25
London	8.25	8.25	Sao Paulo	8.25
Lyons	8.25	8.25	Singapore	8.25
Madrid	8.25	8.25	Sydney	8.25
Mexico	8.25	8.25	Taipei	8.25
Monaco	8.25	8.25	Tokyo	8.25
Munich	8.25	8.25	Toronto	8.25
Nairobi	8.25	8.25	Winnipeg	8.25
Osaka	8.25	8.25	Zurich	8.25
Paris	8.25	8.25		
Perth	8.25	8.25		
Reykjavik	8.25	8.25		
Rio de Janeiro	8.25	8.25		
Sao Paulo	8.25	8.25		
Singapore	8.25	8.25		
Sydney	8.25	8.25		
Taipei	8.25	8.25		
Tokyo	8.25	8.25		
Toronto	8.25	8.25		
Winnipeg	8.25	8.25		
Zurich	8.25	8.25		

**HOLIDAY REPORTS**

Algeria	S	28	93	Jamaica	S	30	73
Algeria	S	28	99	La Palma	S	31	83
Algeria	P	21	72	Laorania	F	23	73
Algeria	S	21	70	Malaysia	S	30	66
Burkina Faso	S	23	73	Malaysia	S	34	87
Burkina Faso	S	23	73	Mali	S	30	73
Chad	C	14	83	Nairobi	C	20	73
Cote d'Ivoire	S	23	82	Naples	C	20	84
Cote d'Ivoire	S	23	82	Nice	T	22	73
Dominican Republic	S	28	70	Opportu	S	28	70
Egypt	S	28	70	Rhodes	S	28	70
Egypt	S	28	70	Salzburg	F	23	86
Egypt	S	28	70	Tanzania	F	23	86
Egypt	C	16	84	Tenerife	F	23	86
Egypt	S	19	85	Tunisia	S	28	10*
Egypt	S	21	70	Valencia	F	28	80
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	23	72
Egypt	S	21	70	Verona	F	2	